



# BEOWULF MINING PLC

ANNUAL REPORT 2008





## COMPANY PROFILE, DIRECTORS AND ADVISERS

Beowulf Mining PLC (“Beowulf”) ([www.beowulfmining.com](http://www.beowulfmining.com)) is exclusively engaged in the exploration for and development of copper, gold and iron deposits in Sweden.

Beowulf is the title of an epic poem, which is widely regarded as the first great work of English literature.

Beowulf is working in five areas of Northern Sweden which it considers to have considerable commercial potential. The areas are:

- (i) **Ruotevare**, which covers a titaniferous iron deposit, contains 140 million tonnes of inferred JORC Mineral Resource at 39.1% iron, 5.7% titanium and 0.2% vanadium. These results are based on drilling carried out by the Swedish Geological Survey. The Swedish Raw Materials Group has concluded that the deposit could be developed on the basis of a 10 million tonnes per year operation and the prevailing iron ore price in 2006. Geological studies by Beowulf suggest much higher tonnages can be achieved by further drilling.
- (ii) **Kallak**, an iron ore deposit discovered by the Geological Survey of Sweden in 1947-48. Calculations based on geophysical data and drilling suggests a deposit with 92 million tonnes with 35-42% iron.
- (iii) **Ballek**, where the Company has four licences covering 11 copper prospects, including the Lulepotten copper-gold deposit, which was drilled by the Geological Survey of Sweden (SGU) between 1960 and 1971. A JORC-compliant Inferred Resource has been completed for the Lulepotten copper-gold deposit of 5.4 million tonnes, grading 0.8% copper and 0.3 grammes per tonne of gold, for a total of 43,000 tonnes of contained copper metal and 52,000 ounces of contained gold using a cut-off value of 0.3% for copper. Beowulf has also identified uranium mineralisation in some of the old drill core. The area is now subject to a Joint Venture with Agricola Resources PLC.

- (iv) **Grundträsk**, in the Skellefte Mining District, where the company has three licences. Drilling in 2003, 2004, 2005, 2006 and 2007 by Beowulf has defined gold mineralisation over a

“Central Mineralised Zone” of 800 metres with grades of around 1 gram per tonne of gold.

- (v) **Jokkmokk**, where the Company has two licences over copper-gold projects, which were drilled in 2004 and 2005. The Company is actively involved in seeking a potential joint venture partner.

The Company floated on the AIM Market (ticker: BEM) of the London Stock Exchange in May 2005. Its shares are also now traded on the Swedish Aktietorget Market with the ticker BEO.

### DIRECTORS

Clive Sinclair-Poulton	Chairman
Dr Jan-Ola Larsson	Technical Director
Edward Taylor	Non-Executive Director
Anthony Charles Raby Scutt	Non-Executive Director

Edward Taylor	Company Secretary
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<b>Registered Office</b>	<b>Swedish Office</b>
Richmond House	Silvergransvägen 32
Broad Street	SE141 45 Huddinge
Ely	Sweden
Cambridgeshire	
CB7 4AH	

Tel. +44 (0)1366 500 722	+46 705 232 806
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## ADVISERS

### Nominated Adviser

Strand Partners  
26 Mount Row  
London  
W1K 3SQ

[www.mail@strandpartners.co.uk](mailto:www.mail@strandpartners.co.uk)

### Stockbroker

Alexander David Securities Limited  
10 Finsbury Square  
London  
EC2A 1AD

[www.ad-securities.com](http://www.ad-securities.com)

### Solicitors

Harvey Ingram LLP Solicitors  
20 New Walk  
Leicester  
LE1 6TX

[www.harveyingram.com](http://www.harveyingram.com)

### Auditors

Price Bailey LLP  
Richmond House  
Broad Street  
Ely  
Cambridgeshire  
CB7 4AH

[www.pricebailey.co.uk](http://www.pricebailey.co.uk)

### Bankers

Royal Bank of Scotland  
82-88 Hills Road  
Cambridge  
CB2 1LG

[www.rbs.co.uk](http://www.rbs.co.uk)

Skandinaviska Enavilda Banken AB  
SEB Merchant Banking  
SE-106 40 Stockholm  
Sweden

[www.seb.se](http://www.seb.se)

### Public Relations

Lothbury Financial  
Mercury House  
Triton Court  
Finsbury Square  
London EC2A 1BR

[www.lothburyfinancial.com](http://www.lothburyfinancial.com)

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

[www.capitaregistrars.com](http://www.capitaregistrars.com)

Company Number  
2330496

Website  
[www.beowulfmining.com](http://www.beowulfmining.com)

## CHAIRMAN'S STATEMENT



The Board of Beowulf Mining PLC ("Beowulf" or the "Company") is pleased to present the report and accounts for the year ended 31 December 2008. Beowulf has five projects in Northern Sweden prospecting for copper, gold, uranium and iron. The results show that Beowulf made a loss of £398,664 in 2008 (2007: £362,638).

A key development during the year under review was securing JORC classifications for two of the Company's projects:

- i) On 19 August 2008, the Company announced the completion of a maiden Inferred Mineral Resource estimate compliant with the JORC Code for its Ruoutevare Magnetite Project in Norrbotten County, Northern Sweden; and
- ii) On 16 September 2008, the Company reported a maiden Inferred Resource estimate under the JORC code for its Lulepotten copper-gold deposit on the Ballek Joint Venture project, located in the Norrbotten region of Northern Sweden.

On 31 March 2008, Beowulf announced that it had signed a connection agreement with AktieTorget AB ([www.aktietorget.se](http://www.aktietorget.se)) which offers a facility for the Company's shares to be traded in Sweden as Depository Notes. Under this arrangement, Beowulf's ordinary shares are deposited with Skandinaviska Enavilda Banken AB, via a London Bank, against the issue of depository notes which are then traded on the Swedish AktieTorget Market. The facility provides Swedish investors the opportunity to be part owners of Beowulf; a company operating in Sweden and developing Swedish natural resources, as well as adding liquidity and demand.

A number of Board changes were effected throughout the reporting period. On 5 June 2008, I was appointed as a director. I have been involved in natural resources for fifteen years, most recently as a founding member of Tanzania Gold Limited which in September 2006 was the subject of a reverse takeover by Bezant Resources plc, an AIM listed gold and copper exploration and development company

operating in the Philippines and Tanzania. I served as Chief Executive Officer of Bezant Resources plc from the time of the reverse transaction until stepping down in February 2008.

On 6 November 2008, I assumed the role of Executive Chairman and Dr Robert Young, formerly Chairman and Chief Executive Officer, relinquished his role as Chairman whilst continuing to serve as Chief Executive.

On 5 March 2009, Dr Robert Young stepped down from the Board, but remains a consultant to the Company on geological matters. His contribution to the Company has been substantial and all his efforts are much appreciated by the Board.

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Most recently, in April 2009, the Board was pleased to announce the appointment of Strand Partners Limited as the Company's Nominated Adviser. The Board would like to thank its former advisers, Ruegg & Co, for all their assistance in the past and look forward to working with Strand Partners Limited.

The year under review has witnessed unprecedented turmoil in global financial markets especially in the final quarter with confidence ebbing away, as economies moved into recession, and share and commodity prices collapsing in the face of falling demand. Governments around the world have been forced into drastic actions and co-operation in a move to restore financial and economic stability.

On a more positive note for commodities, a number of market commentators have cited China's plans for stimulating its domestic economy and its earthquake damaged reconstruction work, as potentially being a key driver for renewed future growth in the demand for copper and iron ore.

An additional positive development is the recent Swedish and German Governments' announcements indicating a renewed willingness to consider further nuclear power generation. Beowulf, with its potential uranium assets is well placed to benefit from any such developments in the longer term.

It seems likely that commodity prices will fluctuate in the foreseeable future, but your Board remains confident that the Company's portfolio of assets offers sound commercial prospects and will accordingly endeavour to promote these within the markets and investor community at large.

In the current challenging market conditions, your Board especially appreciates the valuable support and understanding that it continues to receive for its efforts from employees and shareholders and looks forward to announcing further progress and developments from the Company's projects throughout 2009.

A handwritten signature in black ink, reading "Clive Sinclair - Poulton". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Clive Sinclair - Poulton  
Chairman  
29 May 2009

## REVIEW OF OPERATIONS

### SWEDEN

Beowulf currently holds 12 exploration permits in Northern Sweden as set out below.

Name of licence	Size (km <sup>2</sup> )	Valid from	Valid until
Arjeplog Region:			
Ballek 2	38.0	2005-04-21	2009-04-21
Ballek 3	37.9	2005-05-24	2009-05-24
Ballek 4	22.0	2005-09-29	2009-09-29
Ballek 5	12.0	2007-03-27	2010-03-27
Jokkmokk Region:			
Majves 1	5.0	2003-04-03	2009-04-03
Majves 2	2.5	2003-06-06	2009-06-06
Majves 3	7.3	2009-01-21	2012-01-21
Kallak 1	5.0	2006-06-28	2009-06-28
Ruotevare	8.5	2006-03-21	2009-03-21
Skellefte Mining District:			
Grundträsk 2	15.9	2004-02-13	2009-02-13
Grundträsk 3	6.4	2004-02-13	2009-02-13
Grundträsk 4	20.6	2008-11-12	2011-11-12
Total	181.1		

The exploration permits are governed by the Swedish Minerals Act (1991:45), which was subject to amendments in 1993 and 1998. The Act accords that an exploration permit is granted for an initial period of 3 years, and can be subsequently renewed for a further 3 years. A final extension of the permits can be granted for an

additional 3 years, after which an application for a mining licence must be made. Further information on the permits can be obtained from the Mining Inspector in Luleå (Bergsstaten, Varvsgatan, SE 972 32, Luleå, Sweden) ([www.bergsstaten.se](http://www.bergsstaten.se)).

### RUOTEVARE

On 19 August 2008, Beowulf announced the completion of a maiden Inferred Mineral Resource estimate compliant with the JORC Code reporting standards for its Ruotevare Magnetite Project in Norrbotten County, Northern Sweden.

The Ruotevare Magnetite Project consists of one Exploration Permit covering a total area of 850 hectares located approximately 1,100km north of Stockholm, in Norrbotten County, 13km north west of the small village of Kvikkjokk. The 2.3 billion tonne Kiruna iron ore mine, the world's second largest underground mine, is located approximately 150km northeast and the MalMBERGET iron ore mine is located 120km to the east.

LKAB own and operate both the Kiruna and MalMBERGET iron ore mines as well as the Luleå-MalMBERGET-Kiruna-Narvik railway route used to transport iron concentrates and pellets. LKAB also own storage and ship loading facilities at the Luleå port (Baltic Sea) and the Narvik Port (Norwegian Sea) in Norway.

The Ruotevare Magnetite Project is approximately 180km by road from the nearest potential road-rail loading site, on the Luleå-MalMBERGET-Kiruna-Narvik railway route. Power accessibility and relative cost are excellent in Sweden, with the Seitevare hydroelectric plant located 75km by road from the project.

Completed by independent geological consultants Runge Limited, the Inferred Mineral Resource estimate of 140 million tonnes (Mt) grading 39.1% iron (Fe), 5.7% titanium (Ti) and 0.2% vanadium (V) (cut-off grade of 30% Fe) exceeds the initial estimate of between 116-123Mt of mineralisation.

The Ruotevare Resource estimate is based principally on 32 diamond core drill holes totalling 6,223m, drilled by the Geological Survey of Sweden (SGU) in the early 1970s. SGU estimated 116Mt at 38.2% Fe, 5.6% Ti and 0.17% V. Detailed ground magnetic and metallurgical test work was made available to Runge Limited, together with geological mapping of the deposit completed in 2006. A comprehensive review of the drill data and geophysical information, together with the findings of the 2006 geological mapping report by Beowulf indicate that mineralisation extends beyond the area drilled by SGU.

Detailed metallurgical test work of the Ruotevare deposit was first carried out by the Swedish government-owned iron ore mining company LKAB with subsequent work by Finnish steel company Rautaruukki.

The Ruotevare magnetite deposit is an out-cropping, flat-lying to gently dipping magnetite rich layer about 150m thick within an anorthositic gabbro. The magnetite ranges from massive to disseminated and is associated with ilmenite.

The magnetite mineralisation consists of four lenticular pods of mineralisation that are interpreted to be the result of magmatic layering within the intrusive complex. The most significant mineralised body is approximately 1,500m long and 200m to 300m wide.

There appears to be good potential to substantially increase the resource by drilling extensions to the existing resource and by testing other magnetite bearing zones in the vicinity of the deposit.

The resource was estimated in a standard block model using Ordinary Kriging interpolation. The interpolation was constrained by resource outlines based on mineralisation envelopes prepared using a nominal 30% Fe cut-off grade.

Sweden is by far the largest iron ore (mostly magnetite) producer in the EU, and is also among the leading producers of base and precious metals. Sweden provides modern, efficient and well-established infrastructure via roads, rail and water. Swedish iron ore is significantly cheaper for European consumers due to lower shipping costs compared to southern hemisphere iron ore imports.

In addition to its well developed infrastructure, Sweden benefits from a highly skilled mining and exploration workforce, extremely low sovereign risk and a very strong mining culture, built up over many decades. Importantly for magnetite processing, power accessibility in Northern Sweden is excellent and power costs are generally the lowest in Europe.

In recent times, considerable exploration activity has been carried out by both large and small local and foreign exploration companies. Iron ore exploration and development activity in particular, have increased, with at least two former iron ore mines (Grängesberg Mine and Dannemora Mine) planning on re-opening in the near future. Additionally, numerous companies have well advanced iron ore development projects, most notably the Stora Sahaavara project south east of Kiruna.

The Ruotevare Magnetite Project was subject to a Joint Venture with Wag Limited during part of 2008, but Wag Limited regrettably withdrew in October 2008 in light of the global economic downturn, before completion of its farm-in commitments. As a consequence, Beowulf now retains 100% ownership of the project, which has been enhanced by its JORC classification, achieved at no extra cost to the Company.

Recent metallurgy testing on Ruotevare confirmed that it is possible to produce a final product of high grade sponge iron powder containing 97% iron (Fe) and less than 0.5% titanium (TiO<sub>2</sub>) and 0.02% vanadium (V).

## **KALLAK**

The Kallak iron ore deposit is located about 40km west of the Jokkmokk municipality centre in the Norrbotten county in Northern Sweden. The licence area covers an area of 500 hectares of forested, low hilly ground close to the main paved road between Kvikkjokk (Ruotevare) and Jokkmokk. A high standard forest road passes across the deposit and a major hydroelectric powerstation with associated electric powerlines is located only a few kilometres away.

## REVIEW OF OPERATIONS

The Kallak iron ore was discovered by the SGU in 1947-48. Between 1968 and 1970, detailed ground geophysical surveys were carried out in the entire area of interest including closely grid spaced magnetic, gravimetric and electromagnetic measurements. Diamond drilling of seven holes was also carried out. It was found that two iron ore deposits were present, separated by only some several hundred metres in distance. Being in the same geological structure, they may well be connected at depth.

The iron ores are outcropping and consist of relatively massive magnetite and minor hematite, interlayered with quartz, feldspar and some hornblende. The dominant host rock is a grey volcanite. The ores occur in a north-south oriented syncline of sediments and felsic volcanic rocks of early Proterozoic age within granitic gneisses.

The iron ores are more than 100 metres wide and confirmed extension for the northern deposit is more than one kilometre.

Geophysical calculations by the SGU have estimated a tonnage for the northern deposit of 92 million tonnes and 29 million tonnes for the southern deposit. The ores have average grades varying between 35-42% of iron and have only low background values of TiO<sub>2</sub> (< 0.1%), phosphorous (0.04%) and sulphur (<0.6%).

Beowulf has compiled and reviewed the technical information relating to these deposits.

The Kallak Project was subject to a Joint Venture with Wag Limited during part of 2008, but Wag Limited regrettably also withdrew from this project in October 2008, such that Beowulf currently retains 100% ownership of the project.

### BALLEK

On 16 September 2008, Beowulf reported a maiden Inferred Resource estimate that was completed to a JORC code reporting standard for the Lulepotten copper-gold deposit on the Ballek Joint Venture project, located in the Norrbotten region of Northern Sweden.

This represented the first stage review of known copper resources in the Ballek area following the diamond drilling programme completed by Agricola Resources PLC earlier in 2008, which also intersected copper sulphide mineralisation.

The estimate for the Lulepotten deposit outlined a total Inferred Resource of 5.4 million tonnes, grading 0.8% Cu and 0.3g/t Au, representing a total of 43,000 tonnes of contained copper metal and 52,000 ounces of contained gold using a cut-off value of 0.3% for copper.

Deposit	Inferred Resource		Contained Metal	
	Tonnes (Mt)	Grade Cu (%) Au (g/t)	Copper (t)	Gold (oz)
Lulepotten	5.4	0.8 0.3	43,000	52,000

Diamond drilling by the SGU in the 1960s and 1970s identified fracture-hosted copper-gold sulphide mineralisation at the Lulepotten deposit. Re-evaluation of this drilling data by Agricola Resources PLC suggests that the drilling has intersected locally significant thicknesses and grades of copper-gold mineralisation that may have sufficient continuity to be amenable to economic extraction through a bulk mining method.

The Lulepotten resource has been estimated on the basis of historical diamond drilling information and assay results recovered from the SGU archives in Malå, Sweden. This data has been verified by field checking of drill hole collar locations, visual inspection of the drill core and a full review of geological logging, sampling and assaying procedures. Confidence in the available data is sufficient to establish the geological and grade continuity appropriate for an Inferred Resource classification for the deposit.

The resource model for the Lulepotten deposit was defined by a total of 49 diamond drill holes, drilled perpendicular to strike and completed on a nominal 50 metre by 50 metre grid. The model comprises a series of sub-parallel, tabular bodies that show continuity over approximately 600 metres of strike length and down dip to the limit of drill testing. The resource estimate has been constrained to model wireframe volumes defined by the available geological and geochemical data.

An average specific gravity (SG) value of 2.7 has been used for the resource estimate, in the absence of any representative density measurements for the deposit. This value has been chosen on the basis of average accepted values for the rock types observed in the diamond drill core.

The Lulepotten copper-gold mineralisation is localised along the contact between a granitoid and a package of intercalated mafic to felsic volcanic rocks and sedimentary units which have all been metamorphosed and strongly foliated. The mineralisation occurs in a series of sub-parallel structures that follow the local fabric, which strikes southwest-northeast and dips steeply to the northwest. Sulphide mineralisation within the deposit comprises irregular veinlets and disseminations of chalcopyrite plus bornite, with lesser pyrite. Mineralisation is mainly developed within the metavolcanic and metasedimentary sequence but also locally occurs within the adjacent granite.

During the period from 1960 to 1978, 104 diamond drill holes were completed over the deposit area with approximately 22,265 metres of drilling on a nominal 50 metre by 50 metre grid spacing. These drill holes, core from which is currently stored at the SGU core archive, effectively tested the mineralised structure to a depth of about 250-300 metres below the surface, and over a strike length of about 1,500 metres. Only a single hole has tested the structure at depth (600 metres below surface) and results indicate that the mineralisation extends down-dip.

The mineralisation is open along strike and at depth and the prospective strike length of the mineralised structure is approximately 5,000 metres. Geological and geophysical targets with similar characteristics to the known mineralisation have been identified to both the north and southwest of the deposit, along the same geological structure that hosts the mineralisation.

Further diamond drilling on the deposit is planned.

The Ballek Project is subject to a Joint Venture with Agricola Resources PLC the details of which are outlined on Beowulf's website ([www.beowulfmining.com](http://www.beowulfmining.com)).

## GRUNDTRÄSK

The Grundträsk Project is focused solely on gold. It covers 45 square kilometres in the Skellefte Mining District of Northern Sweden. There is little outcrop and the land is currently used for forestry. There is good infrastructure in place, with the area being served by a network of forest roads, including the main road from Skellefte to Malä, which passes through the licence area. There are no problems with water and electricity with both being available locally. Grundträsk has the potential for a shallow depth gold resource, with gold bearing sulphide mineralisation starting at shallow depths of less than 12 metres, ensuring that any deposit will likely be amenable to open pit mining.

The results to date indicate the presence of sigmoidal gold bearing structures in the mineralised corridor over a strike length of 800 metres. Drilling has returned gold grades of up to 5.2 grams per tonne at 4.28 metres, 4.62 grams per tonne at 2.8 metres, 5.7 grams per tonne at 2.53 metres and 16.9 grams per tonne at 1.86 metres.

The results to date justify further work by Beowulf alone or by way of a joint venture with another company.

## JOKKMOKK

The target of the Jokkmokk area is an iron oxide copper gold deposit (IOCG). Beowulf has been exploring the area since 2003 and still retains the Majves 1, 2 and 3 claims.

The area was previously the subject of a joint venture with the copper major, Phelps Dodge. Drilling in 2004 intersected 110 metres of 0.42% copper and 0.52 grammes per tonne of gold. Follow up drilling in 2005 was less successful and Phelps Dodge withdrew from the Joint Venture.

The exploration logic is that the area is associated with large north-east south-west fracture zones, and similar structures are associated with the Boliden's Aitik copper mine.

Beowulf has had discussions with a major copper producer about a joint venture on its Jokkmokk properties, but to date no joint venture has been completed.

## DIRECTORS' REPORT for the year ended 31 December 2008

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of exploration for world-class copper and gold deposits.

### REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

### DIVIDENDS

No dividends will be distributed for the year ended 31 December 2008.

### EVENTS SINCE THE END OF THE YEAR

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

### DIRECTORS

The directors during the year under review were:

Dr R D Young (resigned 5 March 2009)  
 Mr E Taylor  
 Mr A C R Scutt  
 Dr Jan-Ola Larsson  
 Mr C Sinclair-Poulton - appointed 5/6/2008

The beneficial interests of the directors holding office on 31 December 2008 in the issued share capital of the company were as follows:

	31.12.08	1.1.08 or date of appointment if later
Ordinary 1p shares		
Dr R D Young	6,589,485	6,589,485
Mr E Taylor	250,000	-
Mr A C R Scutt	475,000	475,000
Dr Jan-Ola Larsson	50,000	50,000
Mr C Sinclair-Poulton	250,000	-

During the year, Mr E Taylor exercised options to purchase 250,000 ordinary shares at an exercise price of 1p each.

### Ordinary shares under option

	Number	Exercise price	Expiry date
Mr C Sinclair-Poulton	2,500,000	5p	3 June 2012
Mr E Taylor	250,000	6p	3 June 2012
Mr A C R Scutt	250,000	6p	3 June 2012
Dr Jan-Ola Larsson	250,000	6p	3 June 2012

All of the above options were granted on 5 June 2008.

### COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the Company's policy to pay suppliers within their respective credit terms. At the balance sheet date the trade payables outstanding represented 9 creditor days (2007 – 1 day). Further details of the payment policy can be obtained by writing to the registered office of the Company.

## DIRECTORS' REPORT for the year ended 31 December 2008

### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

- The ability to raise sufficient funds to continue with the exploration of its exploration licences/permits.
- Long term adverse changes in commodity prices could affect the viability of exploration and extraction projects.
- The operations of the Company are in foreign jurisdictions where there may be a number of associated risks over which it will have no control. These may include economic, social or political instability or change, taxation, rates of exchange, exchange controls and exploration licensing.
- The exploration licences may be subject to conditions which, if not satisfied, may lead to the revocation of the licences.
- The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which undergo exploration are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities of minerals disclosed will be available to extract. With all mining operations there is uncertainty and hence risk, associated with operating parameters and costs, resulting from the scaling up of extraction methods tested in pilot conditions.

### FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and cash equivalents, investments and financial assets and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations.

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

### LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

### CREDIT RISK

The Company's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the balance sheet, and which represent the Company's maximum exposure to credit risk in relation to financial assets.

### 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 Company's income or the value of its holdings in financial instruments.

### CAPITAL MANAGEMENT

The Company's capital consists wholly of ordinary shares. 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.

### COMMODITY PRICE RISK

The principal activity of the Company is the exploration for copper, gold, uranium and iron in Sweden, and the principal market risk facing the Company is an adverse movement in the price of such commodities. Any long term adverse movement in commodity prices would affect the commercial viability of the Company's various projects.

## DIRECTORS' REPORT for the year ended 31 December 2008

### SUBSTANTIAL SHAREHOLDINGS

The directors are aware of the following who were interested, directly or indirectly, in 3% or more of the company's ordinary shares on 31 December 2008:

Sun Vest Corporation Limited – 11,250,000 shares (13.91%)

Mrs C C Rowan – 10,189,485 shares (12.60%)

Dr R D Young – 6,589,485 shares (8.15%)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law 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 financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### AUDITORS

The auditors, Price Bailey LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Mr E Taylor  
Director  
29 May 2009

# INDEPENDENT AUDITORS' REPORT to the shareholders of Beowulf Mining PLC

We have audited the financial statements of Beowulf Mining plc for the year ended 31 December 2008 on pages thirteen to thirty. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union are set out on pages nine and ten.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

## BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Price Bailey LLP  
Chartered Accountants  
Registered Auditors

29 May 2009

Richmond House  
Broad Street  
Ely  
Cambs  
CB7 4AH

## INCOME STATEMENT for the year ended 31 December 2008

	Notes	2008 £	2007 £
<b>Continuing Operations</b>			
Revenue		-	-
Other operating income		-	150
Administrative expenses		(407,180)	(378,775)
		<hr/>	<hr/>
<b>Operating Loss</b>		(407,180)	(378,625)
Finance costs	3	(10,192)	(4,167)
Finance income	3	18,708	20,154
		<hr/>	<hr/>
<b>Loss Before Tax</b>	4	(398,664)	(362,638)
Tax	5	-	-
		<hr/>	<hr/>
<b>Loss For The Year</b>		(398,664)	(362,638)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share expressed in pence per share:			
Basic	6	-0.50	-0.52
Diluted		-0.47	-0.42
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE for the year ended  
31 December 2008

	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
Revaluation of investments	(221,385) <hr/>	68,319 <hr/>
<b>Net Income/(Expense) Recognised Directly In Equity</b>	(221,385)	68,319
<b>Loss For The Financial Year</b>	(398,664) <hr/>	(362,638) <hr/>
<b>Total Recognised Income And Expense For The Year</b>	(620,049) <hr/> <hr/>	(294,319) <hr/> <hr/>

## BALANCE SHEET as at 31 December 2008

	Notes	2008 £	2007 £
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible assets	7	230,904	240,943
Property, plant and equipment	8	1,439	1,920
Investments	9	74,339	295,724
		<hr/>	<hr/>
		306,682	538,587
		<hr/>	<hr/>
<b>Current Assets</b>			
Trade and other receivables	10	33,954	34,426
Cash and cash equivalents	11	354,291	671,231
		<hr/>	<hr/>
		388,245	705,657
		<hr/>	<hr/>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	22,291	20,410
		<hr/>	<hr/>
<b>Net Current Assets</b>			
		365,954	685,247
		<hr/>	<hr/>
<b>Non-Current Liabilities</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	250,000	250,000
		<hr/>	<hr/>
<b>Net Assets</b>			
		422,636	973,834
		<hr/> <hr/>	<hr/> <hr/>
<b>Shareholders' Equity</b>			
Called up share capital	15	808,982	745,482
Share premium	16	2,597,191	2,597,719
Revaluation reserve	16	(30,661)	190,724
Capital contribution reserve	16	46,451	46,451
Share scheme reserve	16	5,879	-
Retained earnings	16	(3,005,206)	(2,606,542)
		<hr/>	<hr/>
<b>Total Equity</b>			
		422,636	973,834
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board of Directors on 29 May 2009 and were signed on its behalf by:

Mr E Taylor  
Director

## CASH FLOW STATEMENT for the year ended 31 December 2008

	Notes	2008 £	2007 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(324,270)	(318,319)
Interest paid		(10,192)	-
		<hr/>	<hr/>
Net cash from operating activities		(334,462)	(318,319)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(64,686)	(93,534)
Purchase of tangible fixed assets		-	(460)
Interest received		18,708	20,154
		<hr/>	<hr/>
Net cash from investing activities		(45,978)	(73,840)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
New loans in year		-	250,000
Share issue		63,500	341,500
Cost of shares issued		-	(23,763)
		<hr/>	<hr/>
Net cash from financing activities		63,500	567,737
		<hr/>	<hr/>
<b>(Decrease)/Increase in cash and cash equivalents</b>		(316,940)	175,578
<b>Cash and cash equivalents at beginning of year</b>	2	671,231	495,653
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	2	354,291	671,231
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CASH FLOW STATEMENT for year ended 31 December 2008

<b>1 Reconciliation Of Loss Before Tax To Cash Generated From Operations</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Loss before tax	(398,664)	(362,638)
Depreciation charges	75,206	86,125
Equity-settled share-based transactions	5,351	-
Finance costs	10,192	4,167
Finance income	(18,708)	(20,154)
	<hr/>	<hr/>
	(326,623)	(292,500)
Decrease/(Increase) in trade and other receivables	472	(17,078)
Increase/(Decrease) in trade and other payables	1,881	(8,741)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>(324,270)</b>	<b>(318,319)</b>
	<hr/> <hr/>	<hr/> <hr/>

## 2 Cash And Cash Equivalents

The amounts disclosed in the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

### Year ended 31 December 2008

	<b>31/12/08</b>	<b>1/1/08</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	354,291	671,231
	<hr/>	<hr/>

### Year ended 31 December 2007

	<b>31/12/07</b>	<b>1/1/07</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	671,231	495,653
	<hr/>	<hr/>

Cash and cash equivalents consist of cash on hand and balances with banks.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

## 1 Accounting policies

### Reporting entity

Beowulf Mining plc is a company domiciled in the United Kingdom. The address of the Company's registered office is Richmond House, Broad Street, Ely, Cambridgeshire, CB7 4AH. The Company primarily is involved in the exploration for world-class copper and gold deposits.

### Going concern

The directors have considered the cashflow requirements of the Company over the next 18 months. If the Company is to continue its exploration activities it may be necessary to raise additional funds. Whilst it is difficult in the current economic downturn to generate the extra funds required, the directors expect to meet the funding requirements and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

### Compliance with accounting standards

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

### Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues 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 key 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 are the measurement of any impairment on intangible assets and the estimation of share-based payment costs. The Company determines whether there is any impairment of intangible assets on an annual basis. The estimation of share-based payment costs requires the selection of an appropriate model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest.

### Intangible fixed assets– exploration costs

Expenditure on the acquisition costs, exploration and evaluation of interests in licences including related overheads are capitalised. Such costs are carried forward in the balance sheet under intangible assets and amortised over the minimum period of licences in respect of each area of interest where:

- a) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale;
- b) exploration activities have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations in relation to the areas are continuing.

An annual impairment review is carried out by the directors to consider whether any exploration or development costs have suffered impairment in value and whether necessary provisions are made accordingly.

Accumulated costs in respect of areas of interest that have been abandoned are written off to the profit and loss account in the year in which the area is abandoned.

Exploration costs are carried at cost less provisions for impairment.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

## 1. Accounting Policies – continued

### Property, plant and equipment

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

Plant and machinery - 25% on reducing balance

### Investments

Fixed asset investments are stated at open market value. The revaluation adjustment is taken to the revaluation reserve and any impairments are shown in the income statement for the year.

### Financial instruments

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

- Cash and cash equivalents comprise cash held at bank and short term deposits
- Trade payables are not interest bearing and are stated at their nominal value
- Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve.

### Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### 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.

### Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and bank balances.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

## 1. Accounting Policies - continued

### **New standards and interpretations applied**

In preparing these financial statements the Company has reviewed all new standards and interpretations, but there are no standards effective for the year commencing 1 January 2008 and no new standards have been adopted.

### **New standards and interpretations not applied**

A number of new standards, amendments to standards and interpretations are not yet effective for the year commencing 1 January 2008 and have not been applied in preparing these financial statements:

- IAS 1 Presentation of Financial Statements (revised 2007)
- IAS 23 Borrowing Costs (revised 2007)
- Amendment to IAS 32 Financial Instruments: Presentation, and IAS 1 Presentation of Financial Statements
- Amended IAS 27 Consolidated and Separate Financial Statements (2008)
- IAS 7 Statement of Cash Flows (amended 2009)
- IAS 16 Property, Plant and Equipment (amended 2008)
- IAS 17 Leases (amended 2009)
- IAS 19 Employee Benefits (amended 2008)
- IAS 20 Government Grants and Disclosure of Government Assistance
- IAS 28 Investment in Associates (amended 2008)
- IAS 29 Financial Reporting in Hyperinflationary Economies
- IAS 31 Interests in Joint Ventures (amended 2008)
- IAS 36 Impairment of Assets (amended 2008)
- IAS 38 Intangible Assets (amended 2008)
- IAS 39 Financial Instruments: Recognition and Measurement (revised 2008)
- IAS 40 Investment Property (amended 2008)
- IAS 41 Agriculture
- Amendment to IFRS 2 Share-Based Payment - Vesting Conditions and Cancellations
- Revised IFRS 3 Business Combinations (2008)
- IFRS 8 Operating Segments
- IFRS 1 First-Time Adoption of IFRS (revised 2008)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2008)
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-Cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- Amendment to IFRS 7 Improving Disclosure about Financial Instruments
- Amendment to IFRIC 9 Reassessment of Embedded Derivatives

The directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

<b>2 Employees and Directors</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	63,000	60,083
Social security costs	6,673	6,353
Equity-settled share-based payment transactions	5,351	-
	<hr/>	<hr/>
	75,024	66,436
	<hr/>	<hr/>
The average monthly number of employees during the year was as follows:	<b>2008</b>	<b>2007</b>
Directors	5	4
	<hr/>	<hr/>
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	63,000	60,083
One director exercised share options during the year (2007 – no directors).	<hr/>	<hr/>
	<hr/>	<hr/>
<b>3 Net Finance Income</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Finance income:		
Deposit account interest	18,708	20,154
	<hr/>	<hr/>
Finance costs:		
Loan interest	(10,192)	(4,167)
	<hr/>	<hr/>
Net finance income	8,516	15,987
	<hr/>	<hr/>
<b>4 Loss Before Tax</b>		
The loss before tax is stated after charging:		
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	481	640
Exploration costs amortisation	74,725	85,485
Auditors' remuneration	6,375	5,425
Foreign exchange differences	1,912	2,078
	<hr/>	<hr/>
	<hr/>	<hr/>
<b>5 Tax</b>		
<b>Analysis of the tax charge</b>		
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 nor for the year ended 31 December 2007.		
The Company has estimated losses of £1,596,942 (2007 – £1,198,468) available to carry forward against future trading profits.		

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 6 Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	<b>Earnings £</b>	<b>2008 Weighted average number of shares</b>	<b>Per-share amount pence</b>
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(398,664)	79,197,974	-0.50
Effect of dilutive securities			
Options	-	5,624,864	-
	<hr/>	<hr/>	<hr/>
<b>Diluted EPS</b>			
Adjusted earnings	(398,664)	84,822,838	-0.47
	<hr/>	<hr/>	<hr/>
	<b>Earnings £</b>	<b>2007 Weighted average number of shares</b>	<b>Per-share amount pence</b>
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(362,638)	69,466,329	-0.52
Effect of dilutive securities			
Options	-	16,707,168	-
	<hr/>	<hr/>	<hr/>
<b>Diluted EPS</b>			
Adjusted earnings	(362,638)	86,173,497	-0.42
	<hr/>	<hr/>	<hr/>

### 7 Intangible Assets

	<b>Exploration costs £</b>
<b>Cost</b>	
At 1 January 2008	444,400
Additions	64,686
	<hr/>
At 31 December 2008	509,086
	<hr/>
<b>Amortisation</b>	
At 1 January 2008	203,457
Amortisation for year	74,725
	<hr/>
At 31 December 2008	278,182
	<hr/>
<b>Net Book Value</b>	
At 31 December 2008	230,904
	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 7 Intangible Assets continued

Exploration costs  
£

#### Cost

At 1 January 2007	350,866
Additions	93,534
At 31 December 2007	444,400

#### Amortisation

At 1 January 2007	117,972
Amortisation for year	85,485
At 31 December 2007	203,457

#### Net Book Value

At 31 December 2007	240,943
---------------------	---------

The amortisation of exploration costs is charged to administration and included within the income statement as an expense.

### 8 Property, Plant And Equipment

Plant and machinery £

#### Cost

At 1 January 2008 and 31 December 2008	3,217
--	-------

#### Depreciation

At 1 January 2008	1,297
Charge for year	481
At 31 December 2008	1,778

#### Net Book Value

At 31 December 2008	1,439
---------------------	-------

Plant and machinery £

#### Cost

At 1 January 2007	2,757
Additions	460
At 31 December 2007	3,217

#### Depreciation

At 1 January 2007	657
Charge for year	640
At 31 December 2007	1,297

#### Net Book Value

At 31 December 2007	1,920
---------------------	-------

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 9 Investments

	<b>Listed investments</b>
	<b>£</b>
<b>Cost Or Valuation</b>	
At 1 January 2008	295,724
Revaluations	(221,385)
	<hr/>
At 31 December 2008	74,339
	<hr/>
<b>Net Book Value</b>	
At 31 December 2008	74,339
	<hr/>

	<b>Listed</b>	<b>Unlisted</b>	<b>Totals</b>
	<b>investments</b>	<b>investments</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost Or Valuation</b>			
At 1 January 2007	-	227,404	227,404
Revaluations	68,320	-	68,320
Reclassification/transfer	227,404	(227,404)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2007	295,724	-	295,724
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
At 31 December 2007	295,724	-	295,724
	<hr/>	<hr/>	<hr/>

### 10 Trade And Other Receivables

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Current:		
Other receivables	-	544
VAT	16,584	27,363
Prepayments and accrued income	17,370	6,519
	<hr/>	<hr/>
	33,954	34,426
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 11 Cash And Cash Equivalents

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank deposit account	348,568	665,859
Bank accounts	5,723	5,372
	<hr/>	<hr/>
	354,291	671,231
	<hr/>	<hr/>

### 12 Trade And Other Payables

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Current:		
Trade payables	8,916	1,258
Social security and other taxes	2,227	2,157
Other payables	-	578
Accruals and deferred income	11,148	16,417
	<hr/>	<hr/>
	22,291	20,410
	<hr/>	<hr/>

### 13 Financial Liabilities - Borrowings

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Non-current:		
Other loans - 1-2 years	250,000	250,000
	<hr/>	<hr/>
Terms and debt repayment schedule		2-5 years
		£
Other loans		250,000

The loan of £250,000 from Starvest plc bears interest at 4% per annum and is convertible into new ordinary shares at 4p per share at any time until 31 July 2012.

£100,000 of this loan was repaid on 4 February 2009 as a short-term measure and Beowulf plc may at any time after 3 August 2009 demand reinstatement of the £100,000, subject to Starvest plc receiving 45 days notice. The company proposes to issue notice on 4 August 2009 with the loan therefore being due for repayment back to Beowulf plc on 19 September 2009. The original terms of the loan remain unchanged.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 14 Financial Instruments

The Company's financial instruments comprise cash and cash equivalents, investments and financial assets and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations.

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

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

The following tables illustrate the contractual maturity profiles of its financial liabilities as at 31 December:

	2008	2007
	£	£
Falling due within one year:		
Trade and other payables	8,916	1,258
Tax liabilities	2,227	2,157
Other payables	-	578
Accruals and deferred income	11,148	16,417
	<hr/>	<hr/>
	22,291	20,410
Falling due within 2 to 5 years:		
Other loans	250,000	250,000
	<hr/>	<hr/>
	272,291	270,410
	<hr/>	<hr/>

#### Credit Risk

The Company's principal financial assets are the cash and cash equivalents and taxation receivable as recognised in the balance sheet, and which represent the Company's maximum exposure to credit risk in relation to financial assets.

#### Capital Management

The Company's capital consists wholly of ordinary shares. 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.

#### 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 Company's income or the value of its holdings in financial instruments.

#### Commodity Price Risk

The principal activity of the Company is the exploration for copper, gold, uranium and iron in Sweden, and the principal market risk facing the Company is an adverse movement in the price of such commodities. Any long term adverse movement in commodity prices would affect the commercial viability of the company's various projects.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 15 Called Up Share Capital

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Authorised		
200,000,000 Ordinary shares of 1p each	2,000,000	2,000,000
	<u>          </u>	<u>          </u>
Alloted, issued and fully paid		
80,898,247 (2007 - 74,548,247) Ordinary shares of 1p each	808,982	745,482
	<u>          </u>	<u>          </u>

6,350,000 Ordinary shares of 1p each were allotted as fully paid at par during the year.

The number of shares in issue are as follows:

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
At 1 January 2008	74,548,247	66,398,247
Issued during the year	6,350,000	8,150,000
	<u>          </u>	<u>          </u>
At 31 December 2008	80,898,247	74,548,247
	<u>          </u>	<u>          </u>

### 16 Reserves

	<b>Retained earnings</b>	<b>Share premium</b>	<b>Revaluation reserve</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2008	(2,606,542)	2,597,719	190,724
Deficit for the year	(398,664)	-	-
Revaluation in year	-	-	(221,385)
Equity-settled share-based payment transactions	-	(528)	-
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	(3,005,206)	2,597,191	(30,661)
	<u>          </u>	<u>          </u>	<u>          </u>

	<b>Capital contribution reserve</b>	<b>Share scheme reserve</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2008	46,451	-	228,352
Deficit for the year	-	-	(398,664)
Revaluation in year	-	-	(221,385)
Equity-settled share-based payment transactions	-	5,879	5,351
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2008	46,451	5,879	(386,346)
	<u>          </u>	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 17 Transactions With Directors

During the year the company paid Ed Taylor Consulting Limited fees amounting to £17,850 (2007 - £16,363). Mr E Taylor is a director and shareholder of this company. No amounts were outstanding at the year end (2007 - Nil).

During the year the company paid exploration fees of £63,827 (2007 - £50,809) to Geoexperten, a business owned by Dr Jan-Ola Larsson. Further fees paid to Dr Jan-Ola Larsson during the year amounted to £45,000 (2007 - £45,000). No amounts were outstanding at the year end (2007 - Nil).

During the year the company paid consultancy fees of £4,238 to Mr C Sinclair-Poulton and £5,554 to Merchant Adventurers Company Limited. Mr C Sinclair-Poulton is a director and shareholder of this company.

All of the above transactions were undertaken on a commercial basis.

### 18 Related Party Disclosures

At the balance sheet date, the Company had received a loan of £250,000 (2007 - £250,000) from Starvest plc, an AIM listed company which is a major shareholder of Beowulf Mining plc and of which Mr A C R Scutt is also a director. The loan bears interest at 4% per annum and is convertible into new ordinary shares of Beowulf Mining plc at any time up to 31 July 2012. The interest charge for the year is £10,192 (2007 - £4,167), of which £4,197 (2007 - £4,197) is outstanding and is included in trade and other payables at the year end.

During the year the company incurred expenditure of nil (2007 - £2,333) which was recharged directly, at no profit or loss, to Agricola Resources plc, a company in which Mr R D Young, Mr A C R Scutt and Dr Jan-Ola Larsson are directors. No amounts remained outstanding at the balance sheet date (2007 - nil).

The Ballek project is subject to a Joint Venture with Agricola Resources PLC, the details of which are outlined on Beowulf's website ([www.beowulfmining.com](http://www.beowulfmining.com)).

### 19. Ultimate Controlling Party

There is no ultimate controlling party of the Company.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 20 Reconciliation Of Movements In Shareholders' Funds

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(398,664)	(362,638)
Other recognised gains and losses relating to the year (net)	(221,385)	68,319
Proceeds of share issue	63,500	341,500
Cost of share issue	-	(23,763)
Equity-settled share-based transactions	5,351	-
	<hr/>	<hr/>
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(551,198)</b>	<b>23,418</b>
Opening shareholders' funds	973,834	950,416
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>422,636</b>	<b>973,834</b>
	<hr/> <hr/>	<hr/> <hr/>

### 21 Share-Based Payment Transactions

The Company has a share option programme that entitles the holders to purchase shares in the Company with the options exercisable at the price determined at the date of granting the option. The terms and conditions of the grants are as follows; there are no vesting conditions to be met and all options are to be settled by the issue of shares:

<b>Grant date</b>	<b>Number of instruments</b>	<b>Contractual life of options</b>
16 August 2007	400,000	2 years
5 June 2008	3,250,000	4 years

Options outstanding at 31 December	3,650,000
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The number and weighted average exercise prices of share options is as follows:

	<b>Weighted average exercise price 2008</b>	<b>Number of options 2008</b>	<b>Weighted average exercise price 2007</b>	<b>Number of options 2007</b>
Outstanding at 1 January	3.0152p	13,950,000	3.0152p	24,811,111
Expired during the year	1.0000p	(7,200,000)	5.5000p	(11,111,111)
Exercised during the year	1.0000p	(6,350,000)	1.0000p	(150,000)
Granted during the year	5.2308p	3,250,000	6.0000p	400,000
		<hr/>		<hr/>
Outstanding and exercisable at 31 December	5.3151p	3,650,000	1.1434p	13,950,000
		<hr/>		<hr/>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

### 21 Share-Based Payment Transactions (continued)

The weighted average share price at the date of exercise for share options exercised during the year was 1.625p (2007 - 4.625p). During the year, 7,200,000 (2007 - 11,111,111) options expired unexercised, with a weighted average exercise price of 1p. The options outstanding at 31 December 2008 have an exercise price in the range of 5p to 6p (2007 - 1p to 6p) and a weighted average remaining contractual life of 3.122 years (2007 - 0.29 years).

The fair value of services received and commission payable in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

	<b>Services 2008</b>	<b>Services 2008</b>	<b>Commission 2007</b>
Fair value at grant date	0.557p	0.903p	0.660p
Share price	4.500p	4.500p	4.375p
Exercise price	6.000p	5.000p	6.000p
Expected volatility	20%	20%	20%
Option life	4 years	4 years	2 years
Risk-free interest rate	5%	5%	5%

The expected volatility was determined by reviewing the actual volatility of the company's share price since its listing on AIM to the date of granting the option. In calculating the fair value, consideration was given to the market trends at the grant date of the option.

There is an expense of £5,321 (2007 - nil) for the year in respect of goods and services received, and commission of £528 (2007 - nil) chargeable to the share premium account, in respect of equity-settled share-based payment transactions.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the "Meeting") of Beowulf Mining plc (the "Company") will be held at Alexander David Securities Limited, 1st Floor, 10 Finsbury Square, London EC2A 1AD on 22 July 2009 at 11.00a.m. to transact the following business:

### As Ordinary Business

- 1 To receive and consider the Company's audited accounts for the year ended 31 December 2008 and the directors' and auditors' reports thereon.
- 2 To re-appoint Clive Sinclair-Pouton as a director of the Company.
- 3 To re-elect Jan-Ola Larsson, who is retiring by rotation, as a director of the Company.
- 4 To re-appoint Price Bailey LLP as auditors and authorise the directors to fix the auditors' remuneration.

### As Special Business

To consider and if thought fit to pass the following Resolution which will be proposed as a Special Resolution:

### Special Resolution

- 5 That pursuant to the directors' authority to allot shares under Section 80 of the Companies Act 1985 (granted by ordinary resolution on 31 March 2005) the directors of the Company be and they are hereby empowered to allot equity securities (as defined for the purposes of Section 95 of the Companies Act 1985) for cash as if Section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities having:
  - 5.1 in the case of relevant shares (as defined for the purposes of Section 95 of the Companies Act 1985) a nominal amount; or
  - 5.2 in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount,

not exceeding £410,000 in aggregate, and this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (save that the Company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired).

By order of the Board



Edward Taylor  
Company secretary  
Beowulf Mining plc

Richmond House  
Broad Street  
Ely  
Cambridgeshire  
CB7 4AH

5 June 2009

## NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### Appointment of proxies

- 1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 2 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed (or a copy of it notorially certified in some other way approved by the directors) must be deposited at the The Proxy Department, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time of the meeting. Completion of the proxy form does not preclude a member from subsequently attending and voting at the meeting in person.

### Communication

- 3 Except as provided above, members who have general queries about the Meeting should telephone Edward Taylor on 01366 500722 (no other methods of communication will be accepted):
- 4 You may not use any electronic address provided either:
  - in this notice of annual general meeting; or
  - in any related documents (including the chairman's statement and proxy form),to communicate with the Company for any purposes other than those expressly stated.
- 5 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita (ID RAI0) not later than 48 hours before the time fixed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any

particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 6 In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6:00p.m. on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6:00p.m. on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.
- 7 In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

This year, for the first time, the Company is delighted to be able to offer shareholders the opportunity to record a proxy vote electronically. Certificated shareholders who would like to vote on-line may do so by visiting the Registrars' website, [www.capitaregistrars.com](http://www.capitaregistrars.com), and following the instructions. You will need your share certificate to hand as you will be required to insert your Investor Code before you are able to vote. In addition, the company would like to take the opportunity in registering your Email address for future communications.

## DIRECTORS

- **Clive Sinclair-Poulton – Executive Chairman**



Aged 52, he studied law at Cambridge University graduating in 1978, before starting a twenty year career in investment banking in London with Citibank and Security Pacific (now Bank of America) as well as stockbrokers Hoare Govett. After founding and then selling a stockbroking firm he

became a founding shareholder and the Executive Chairman of AIM-traded themutual.net (AIM:TMN). He has been involved in natural resources for fifteen years. Most recently, Clive was a founding member of Tanzania Gold Ltd which, following a reverse take-over, was first renamed Tanzania Gold plc before becoming Bezant Resources plc. He was CEO of AIM listed Bezant Resources plc (AIM:BZT), with copper and gold assets in Tanzania and the Philippines, until he stepped down in February 2008. He resides in Ireland.

- **Jan-Ola Larsson PhD – Technical Director**



Aged 67, he holds a geology degree from Uppsala University and a PhD in geochemistry from Imperial College of Science and Technology, London University. He has over 30 years of varied experience in Canada, Brazil and Sweden. Previously held positions were Head of Geochemistry and Geological Survey of Sweden, LKAB Exploration Company and Barringer Research Ltd. Exploration Manager for Tetron

Mineracao S/A and North Star Diamonds AB.

- **Anthony Scutt ACIS – Non-Executive Director**



Aged 69, he is a Chartered Secretary and a Certified Internal Auditor with the U.S. Institute of Internal Auditors. He has 34 years of financial management experience with Shell International Petroleum, working in many parts of the World, including the Malagasy Republic,

East and Central Africa, Gabon, Vietnam, Cambodia, the Philippines, and latterly as the Chief Internal Auditor of Shell U.K. He then went on to become an investment analyst, writer and investor, and was one of the very first investors and supporters of Beowulf. He is also a non-executive director of Starvest plc, Agricola Resources plc and Non-Executive Chairman of Uranium Prospects plc.

- **Edward Taylor – Non-Executive Director and Company Secretary**



Aged 61, he has worked in various accounting, human resources, administration and Company Secretary positions in the natural resources sector. He has worked for Hardy Oil & Gas (now British Borneo Oil and Gas plc), Enterprise Oil plc and LASMO (now AGIP (UK) plc). He is a

Director of All Star Minerals and Non executive Director of the following companies: U3O8 Holdings Plc, Valiant Investments Plc, Valiant Financial Media Ltd and Southern Star Mineral Resources Plc. He is also Company secretary for Oracle Coalfields Plc.

## NOTES

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