



26 May 2020

Beowulf Mining plc

("Beowulf" or the "Company")

Kallak Update – Parliamentary Question

Beowulf (AIM: BEM; Spotlight: BEO), the mineral exploration and development company, provides an update on the Kallak Iron Ore Project ("Kallak").

Highlights:

- Last week a written question was put to Mr Ibrahim Baylan, Minister for Business, Industry and Innovation, which the Minister is scheduled to answer on 27 May 2020. The question was posed by Lars Hjalmered, a Moderate Party Member in the Swedish Parliament.
- Summary translation of Mr Hjalmered's question:

"The Kallak iron ore project has had to wait for a decision on permits for over six years. The matter has been ready to make a decision on the Minister's table for three years without him and the Government making any decision. Another project received [by the Government and] waiting unreasonably long for a decision is Laver [Boliden AB].

In the [mining] industry, the question is now asked why the Government is not coming to terms with it. Despite repeated questions about when a decision may be made, and great irritation from the industry, [the Government] has not yet returned to the issue.

This management [of the issue by the Government] is under all criticism, and the Government must recognize the importance of it to Swedish mining industry. The industry is responsible for large export revenues and employment [of] many people in Sweden. When the Government cannot give any message, investments are not completed, jobs are [not created] and [wider] benefits are not realized. In addition, long processing times and uncertain processes mean Sweden becomes less relevant to foreign investment.

In view of the above, I would like to ask Minister of Business Ibrahim Baylan: When does the Minister and the Government intend to make a decision on any mining activity in Kallak and Laver?"

Kallak – 'Big Picture'

- In 2017, Copenhagen Economics produced a 'Big Picture' study for Kallak ("the Study" or "the Kallak Study"):

https://beowulfmining.com/wp-content/uploads/2018/10/Copenhagen-Economics_Presentation_SEP17_Swedish.pdf

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 has 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 Kallak 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 e.g. Inlandsbanan, Luleå Hamn, Vattenfall etc, spreading the benefits, through Norrbotten and beyond.
- When it comes to Kallak's economic effect on Jokkmokk, the Study highlights were as follows:
 - A mining operation at Kallak has the potential to create 250 direct jobs and over 300 indirect jobs in Jokkmokk, over the period that a mine is in operation.
 - These jobs could be sustained over a period of 25 years or more, if the Kallak South deposit is mined after the Kallak North deposit, and further deposits at Parkijaure can be defined.
 - The Company will seek to establish a 'Task Force' with Jokkmokks Kommun and local employment agencies, so that between now and the start of operations, plans are developed and implemented to make sure as many as possible jobs are available to people living in Jokkmokk.
 - Kallak has the potential to generate SEK 1 billion in tax revenues, considering the case where 70 per cent of the mine's workforce are based locally, with annual tax revenues of SEK 40 million over a 25 years mine life.
 - These tax revenues would help to develop and sustain public services and infrastructure in Jokkmokk, which are at risk due to a lack of new investment and job creation in the community, a declining population, and an ageing population.

Kurt Budge, Chief Executive Officer of Beowulf, commented:

"It is not the first time Minister Baylan has been asked a question in the Swedish Parliament about Kallak, and no doubt his response, this Wednesday, is again eagerly awaited by Beowulf's Swedish and non-Swedish shareholders, the Company and the Swedish mining sector."

"Often overlooked when permitting is debated, is an acknowledgement of the risk capital needed, the timeline for investment, and the 'big picture' economic impact that a large-scale mining project, such as Kallak, can create."

"The first exploration licence for Kallak was granted in 2006 and to date over SEK 80 million has been invested. If a Concession were to be granted today, then it would take ~ 18 years from the first exploration licence to get to a producing mine. The investment in delivering a mining project will be hundreds of billions of SEK and the value chain impact will extend to the railway, port, downstream processing, and end-uses."

"As governments seek to reboot their economies post COVID-19, it would be logical to assume that a project such as Kallak, which has the potential to bring billions of SEK in investment and hundreds of jobs to northern Sweden, should finally gain approval."

“At the Nordic Mining Day in Toronto in early March, Minister Baylan saved his biggest welcome for investors. The Swedish Government lacks credibility in welcoming investors to Sweden, while it demonstrates zero transparency in how the Government handles permit applications or predictability in timelines for decision making. Mining investors cannot commit to exploration in Sweden under these conditions.

“At the same event, the ‘rule of law’ was stated as one of Sweden’s attributes. Both Social Democrat and Green parties in Sweden have said that a decision on Kallak should be taken in accordance with the law. Beowulf has demonstrated with the Concluding Statement submitted to the Government last November, that, under judicial review, Beowulf’s application has satisfied all requirements. We even have the recommendation from Bergsstaten (the “Mining Inspectorate”) to the Government, in October 2015, over 4.5 years ago, that the Concession be awarded.

“Later this week, we will update the market on Minister Baylan’s response to this latest Parliamentary Question.”

About Kallak

The Kallak iron ore deposit is 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.

The first exploration licence for Kallak was awarded by the Mining Inspectorate of Sweden in 2006. A Mineral Resource Estimate for Kallak North and South, based on 27,895 m of drilling conducted between 2010-2014, 131 drillholes, was finalised on 28 November 2014. Following the guidelines of the JORC Code, 2012 edition, an Indicated Resource of 118.5 Mt at 27.5 per cent iron content (“Fe”) and Inferred Resource of 33.8 Mt at 26.2 per cent Fe was defined. In addition, there is an exploration target of 90-100 Mt at 22-30 per cent Fe.

Testwork on Kallak ore has shown that a ‘super’ high grade magnetite concentrate can be produced, yielding over 71 per cent iron content, with low levels of deleterious elements, including phosphorous and sulphur, lending itself to pelletisation and consumption in Direct Reduction Iron (“DRI”) facilities in Europe and the Middle East, and attracting a potential price premium.

In April 2013, the Company applied for an Exploitation Concession for Kallak North (the “Concession”) and in October 2015, the Mining Inspectorate recommended to the Swedish Government that the Concession be awarded. The Company is still waiting on the Swedish Government to take a decision.

Competent Person Review

The information in this announcement has been reviewed by Mr. Rasmus Blomqvist, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Rasmus Blomqvist has sufficient experience, that is relevant to the style of mineralisation and type of deposit taken into consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr. Rasmus Blomqvist is a full-time employee of Oy Fennoscandian Resources AB, a 100 per cent owned subsidiary of Beowulf.

Mr Blomqvist consents to the inclusion in the announcement of the information presented in the form and context in which it appears.

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