

Regulatory Story

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Hummingbird Resources PLC - HUM Interim Results
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Hummingbird Resources PLC
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Hummingbird Resources Plc ("Hummingbird" or the "Company" or the "Group") Interim Results

Hummingbird Resources Plc, announces its unaudited financial results for the six months ended 30 June 2016.

OPERATIONAL HIGHLIGHTS

- **2.2Moz Yanfolila Gold Project, Mali**
 - Optimised mine schedule based on maiden Reserves from December 2015 demonstrating a NPV of US\$162 million and IRR of 60% at US\$1,250 gold price, with first full year unleveraged cash flow of US\$74 million
 - § AISC US\$695/oz
 - § 132,000oz production in first full year
 - § 107,000oz average production per year over LoM
 - Detailed mine engineering commenced post-period end following appointment of SENET as EPCM engineer to build the plant and associated infrastructure and appointment of key personnel to build the mine delivery team
 - Appointed IMAGRI-SARL as civil works contractor post period for the completion of plant civil works with work targeted to commence in October 2016
 - Mine development is currently on track and budget
- **4.2Moz Dugbe Gold Project, Liberia**
 - Results released post-period end of a hydro-electric plant PFS in the proximity of Dugbe funded by IFC InfraVentures
 - Offers a hydro-electric power solution with potentially materially positive cost and environmental benefits for Dugbe
- **Exploration Upside**

- Desktop Study on the Gonka deposit located 5km south of Yanfolila adds potential US\$24 million to the NPV and 169,000oz gold to the mine life
- Entered into an MoU post period end with Kola Gold Limited amalgamating non-core gold exploration permits in Mali together with a number of Kola's permits in Mali and Senegal

CORPORATE HIGHLIGHTS

· **Successfully raised US\$75 million to develop Yanfolila to first gold pour**

- Raised £49.5 million (approximately US\$71 million) in June under a placing, subscription and overallotment option through the issue of a total of 225,188,781 shares at 22 pence per share
- Raised a further US\$4 million post period end in a private placing with Fidelity Investments through the placing of 11,100,000 new ordinary shares at 26 pence per share - an 18% premium to June fundraise
- Will Cook appointed VP Operations, stepping down from the Board, enabling full time focus on delivering the Yanfolila Project
- Management incentive scheme put in place rewarding delivery of Yanfolila on time and budget, paid in phases and only after successful delivery
- Taurus Mining Finance Fund LP extended the term of the bridge facility to 8 December 2016

CEO's Statement

2016 has seen Hummingbird distinguish itself as an emerging pre-production company with a portfolio of two high value projects in West Africa, and the ability to deliver one of the highest margin undeveloped gold projects in Africa by the end of 2017.

The inherent potential and tangible value of Yanfolila, our 2.2 million ounce gold project in Mali ("Yanfolila"), has been highlighted through the outstanding support that we have received from the market. I would like to take this opportunity to thank all our existing and new shareholders who supported the Company through our US\$75 million placement, subscription and overallotment in June. I believe that this achievement, the largest gold company fundraise on AIM over the past four years, truly underpins the quality of our asset. Only time will tell, but we believe that it is a serendipitous time for a company to be developing its first mine; not just because of the sea change in the macro tide for the gold market but for the competitive nature of suppliers and contractors who are hungry for work.

Looking first towards Yanfolila, we are currently rapidly moving through the gears of development ahead of anticipated first gold pour at the end of next year. 132,000oz gold is targeted for its first full year of production, which would deliver around US\$70 million of free cash flow at the current gold price. Yanfolila has an IRR of 60% and an NPV of US\$162 million at US\$1,250/oz gold price, making it one of the highest margin undeveloped gold projects in Africa. All in sustaining costs of US\$695 per ounce places it in the lowest quartile of African producers.

As previously mentioned, Hummingbird raised US\$67 million in June 2016 and a further US\$8 million of a US\$10 million overallotment option was raised in two separate instalments in June and August. This additional cash injection provides optionality on identifying further development upside at Yanfolila. Our first priority is the Gonka deposit, 5km south of the gold plant, which is not currently included in the Yanfolila mine plan. Gonka's Scoping Study, released in February 2016, showed the potential for mining ore at greater than 4.5g/t. Infill drilling, if successful, could bring this into the Reserve category and potentially add material

ounces to our production profile for very limited capital, with the potential to add a further US\$24 million to the current NPV at US\$1,250/oz gold price.

We were pleased to announce in July that we awarded the Engineering, Procurement and Construction Management ("EPCM") contract for Yanfolila to SENET (Pty) Ltd, a leading South African project management and engineering company with extensive gold plant experience throughout Africa. SENET is now conducting detailed engineering and managing the mine construction.

Additionally, post period end we appointed IMAGRI-SARL as the contractor for the completion of the Yanfolila plant civil works. IMAGRI-SARL is a Malian company and will be responsible for the construction of the site facilities, in accordance with the specifications set out by SENET. IMAGRI-SARL was instrumental in the construction and expansion of Randgold Resources' flagship Loulo underground mine power plant and the associated Goukoto open pit mine in Mali, ensuring they are well-versed in the construction of large scale projects such as Yanfolila with significant local experience in Mali.

Another development post period end was our entering into a Memorandum of Understanding ("MoU") with Kola Gold Limited with a view to amalgamating some of our non-core gold exploration permits in Mali together with a number of Kola's permits in Mali and Senegal. The objective of this MoU is to expedite development and provide value upside from non-core exploration assets through a 43% interest in Cora Gold Inc, without diverting cash resources from our flagship assets. This opportunity provides us with buy-back and royalty rights over the permits closest to Yanfolila, which could add further significant upside to our current mine plan, as well as the doubling of our exploration exposure in Mali and an introduction to Senegal. I look forward to providing updates on this transaction.

Hummingbird also has a further Resource of 4.2 million ounces at a grade of 1.4g/t at its Dugbe Gold Project ("Dugbe"), the largest gold deposit in Liberia, which is already at DFS stage.

Dugbe offers a large-scale development opportunity for Hummingbird as demonstrated in the Preliminary Economic Assessment which showed viable economics of developing a 20 year gold mining project with initial gold production of 125,000 ounces per annum, an NPV of US\$186 million, and IRR of 29% using a US\$1,300/oz gold price. Signing a Mineral Development Agreement with the Government of Liberia in July 2015 gave us the security of tenure for at least the next 25 years, allowing us to focus on bringing Yanfolila to production in the near-term.

We recently announced the final results of a 14 month hydro-electric power ("HEP") Pre-Feasibility Study ("PFS") in the proximity of Dugbe. The HEP PFS, which was funded by IFC InfraVentures and carried out by Knight Piésold, confirmed the potential viability of a range of options for HEP plants with the ability to supply a sustainable source of power for Dugbe, as well as the southeast Liberian region and, importantly, pointed towards significant potential reductions to the all in sustaining costs.

The most significant developments in 2016 post the placement have undoubtedly been the personnel changes to develop a world class mine development team. The team includes Shaun Bunn, Senior VP of Project Delivery, Wayne Galea, VP of EPCM, Murray Paterson, VP of Geology and David Hebditch, VP of SHEC (Safety, Health, Environment and Community). Will Cook is stepping down from the Board, to take up the position of VP of Operations in order to be more directly involved in the delivery of Yanfolila to production. I would like to take this opportunity to personally thank Will for his contributions to the Board over the last five years, and we are

delighted that he is going to be taking up a more operational capacity as we approach this pivotal time in the Company's development, and transition into a gold producer.

The team is resolutely focussed on delivering Yanfolila on time and budget and these appointments and role changes have put us in the best possible position to achieve this objective. Having made these critical changes to our team we have initiated a management incentive scheme in order to reward the delivery of Yanfolila on time and budget.

As we progress towards 2017 Hummingbird is in the exciting position of accelerating towards production at its first mine, whilst simultaneously providing shareholders with additional exploration upside from one Africa's largest undeveloped mining projects. It is with this in mind that I feel confident in saying that Hummingbird continues to offer its shareholders an unrivalled opportunity to participate in the development of two high quality projects, in addition to de-risked exploration upside from Cora Gold, and providing exposure to a commodity with solid long term value fundamentals.

There is no doubt that we, together with the wider mining industry, have encountered some difficult head winds over the last few years. However I believe that Hummingbird has not only managed to weather these storms, but is emerging now as a pre-production company with strong institutional support and a resilient and highly compelling investment case. Building a first mine is a huge challenge for any company trying to make the transition from exploration into a mining company however this is a challenge we as a team are fully engaged and motivated by. With the funding largely in place and the team further bolstered and ready to deliver, I am looking forward to keeping you all up to date with developments over the next 15 months while we build one of the most unleveraged, highest return, +100k oz gold mines in the world.

Dan Betts
CEO

Consolidated Income Statement
For the six months ended 30 June 2016

	Unaudited six months ended 30 June 2016	Unaudited six months ended 30 June 2015	Audited year ended 31 December 2015
Note	\$'000	\$'000	\$'000
Continuing operations			
Revenue	-	-	-
Share based payments	(337)	(147)	(436)
Other administrative expenses	(2,107)	(1,800)	(3,913)
Administrative expenses	(2,444)	(1,947)	(4,349)
Finance income	99	123	84
Finance expense	(402)	-	(244)
Share of joint venture loss	-	(53)	(54)

Loss before tax		(2,747)	(1,877)	(4,563)
Tax		-	-	-
Loss for the period/year attributable to equity holders of the parent		(2,747)	(1,877)	(4,563)
Loss per ordinary share				
Basic and diluted (US\$ cents)	3	(2.53)	(2.10)	(4.64)

There was no other comprehensive income in the current or prior periods.

Consolidated Balance Sheet As at 30 June 2016

		Unaudited 30 June 2016 \$'000	Unaudited 30 June 2015 \$'000	Audited 31 December 2015 \$'000
	Note			
Assets				
Non-current assets				
Intangible exploration and evaluation assets		62,729	92,979	62,089
Property, plant and equipment		39,884	674	38,106
Investment in joint venture		-	1	-
		<u>102,613</u>	<u>93,654</u>	<u>100,195</u>
Current assets				
Trade and other receivables	5	23,326	7,304	2,179
Cash and cash equivalents		50,953	5,585	7,220
		<u>74,279</u>	<u>12,889</u>	<u>9,399</u>
Total assets		<u>176,892</u>	<u>106,543</u>	<u>109,594</u>
Liabilities				
Current liabilities				
Trade and other payables		(6,449)	(5,410)	(5,977)
Other financial liabilities		(30,788)	(24,885)	(29,963)
Total current liabilities		<u>(37,237)</u>	<u>(30,295)</u>	<u>(35,942)</u>
Non current liabilities		-	-	-
Total liabilities		<u>(37,237)</u>	<u>(30,295)</u>	<u>(35,942)</u>

Net assets		139,655	76,248	73,652
Equity				
Share capital	4	5,013	1,721	1,723
Share premium	4	146,551	81,379	81,428
Retained earnings		(11,909)	(6,852)	(9,499)
Equity attributable to equity holders of the parent		139,655	76,248	73,652

Consolidated Statement of Cash Flows
For the six months ended 30 June 2016

	Unaudited six months ended 30 June 2016 \$'000	Unaudited six months ended 30 June 2015 \$'000	Audited year ended 31 December 2015 \$'000
Operating activities			
Loss before tax	(2,747)	(1,877)	(4,563)
Adjustments for:			
Finance income	(99)	(123)	(84)
Finance expense	402	-	244
Share of joint venture loss	-	53	54
Depreciation of property, plant and equipment	4	12	21
Share based payments	337	147	436
Operating cash flows before movements in working capital	(2,103)	(1,788)	(3,892)
(Increase) / Decrease in receivables	(322)	(376)	(861)
Increase / (Decrease) in payables	46	(1,514)	114
Net cash outflow from operating activities	(2,379)	(3,678)	(4,639)
Investing activities			
Purchases of intangible exploration and evaluation assets	(522)	(3,767)	(3,761)
(Purchases) of property, plant and equipment	(953)	(66)	(6,729)
Interest received	25	20	38
Net cash used in investing activities	(1,450)	(3,813)	(10,452)

Financing activities

Net proceeds from issue of shares	48,664	4,933	10,139
Loan interest paid	(700)	(453)	(1,070)
Financial liabilities issued net of issue costs	-	-	4,950
Net cash from financing activities	47,964	4,480	14,019
Net Increase / (Decrease) in cash and cash equivalents	44,135	(3,011)	(1,072)
Effect of foreign exchange rate changes	(402)	60	(244)
Cash and cash equivalents at beginning of period/year	7,220	8,536	8,536
Cash and cash equivalents at end of period/year	50,953	5,585	7,220

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2016

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
<u>For the six months ended 30 June 2015</u>				
As at 1 January 2015	1,385	71,627	(5,136)	67,876
Issue of shares	336	9,752	-	10,088
Share based payments	-	-	161	161
Total comprehensive loss for the period	-	-	(1,877)	(1,877)
As at 30 June 2015	1,721	81,379	(6,852)	76,248
<u>For the year ended 31 December 2015</u>				
As at 1 January 2015	1,385	71,627	(5,136)	67,876
Issue of shares	338	9,801	-	10,139
Share based payments	-	-	200	200
Total comprehensive loss for the period	-	-	(4,563)	(4,563)
As at 31 December 2015	1,723	81,428	(9,499)	73,652
<u>For the six months ended 30 June 2016</u>				
As at 1 January 2016	1,723	81,428	(9,499)	73,652
Issue of shares	3,290	65,123	-	68,413
Share based payments	-	-	337	337
Total comprehensive loss for the year	-	-	(2,747)	(2,747)
As at 30 June 2016	5,013	146,551	(11,909)	139,655

1 General information

Hummingbird Resources plc (the 'Company'), was incorporated in England and Wales under the Companies Act. The address of the registered office is 49-63 Spencer Street, Hockley, Birmingham, West Midlands, B18 6DE.

The nature of the Group's operations and its principal activities is the exploration, evaluation and development of mineral projects, principally gold, focused primarily in West Africa.

2 Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") as adopted by the European Union, which are expected to be applied in the Group's financial statements for the period ended 31 December 2016.

The consolidated interim financial information for the period 1 January 2016 to 30 June 2016 is unaudited, does not include all the information required for full financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015. In the opinion of the Directors the consolidated interim financial information for the period represents fairly the financial position, results from operation and cash flows for the period in conformity with generally accepted accounting principles consistently applied. The consolidated interim financial information incorporates comparative figures for the interim period 1 January 2015 to 30 June 2015 and the audited financial year to 31 December 2015. As permitted, the Group has chosen not to adopt IAS34 'Interim Financial Reporting'.

The annual financial statements of Hummingbird Resources plc are prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. The Group's consolidated annual financial statements for the year ended 31 December 2015, have been filed with the Registrar of Companies and are available on the Company's website www.hummingbirdresources.co.uk. The auditor's report on those financial statements was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

3 Loss per ordinary share

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

Due to the losses incurred during the period a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share.

The calculation of the basic and diluted loss per share is based on the following data:

	Unaudited six months ended 30 June 2016 \$'000	Unaudited six months ended 30 June 2015 \$'000	Audited year ended 31 December 2015 \$'000
Losses			
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent	(2,747)	(1,877)	(4,563)

	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	108,625,519	89,430,320	98,306,165
	US\$ cents	US\$ cents	US\$ cents
Loss per ordinary share			
Basic and diluted (US\$ cents)	(2.53)	(2.10)	(4.64)

4 Share capital

4.1 Issued equity share capital

	Unaudited 30 June 2016 Number	Unaudited 30 June 2015 Number	Audited 31 Dec 2015 Number
Issued and fully paid			
Ordinary shares of £0.01 each	332,141,250	106,912,556	106,952,469

	Unaudited 30 June 2016 \$'000	Unaudited 30 June 2015 \$'000	Unaudited 31 Dec 2015 \$'000
Issued and fully paid			
Ordinary shares of £0.01 each	5,013	1,721	1,723

4.2 Share options

At the 30 June 2016 there were 5,494,000 (Dec 2015: 5,599,000) share options outstanding.

4.3 Warrants

At the 30 June 2016 there were 9,899,504 (Dec 2015: 1,612,903) investor warrants outstanding.

5 Events after the reporting period

5.1 Trade payables

Of the trade and other receivables at 30 June 2016, approximately US\$17,000,000 has been received following the period end.

5.2 Share issue

On 15 August 2016, the company raised approximately US\$3,800,000 in a private placing with Fidelity Investments through the placing of 11,100,000 new ordinary shares in the company at 26 pence per share.

Board Changes

Will Cook steps down from the position of Operations Director to become VP Operations. This change allows Will to put 100% of his attention on the delivery of the Yanfolila Gold Project as we start construction. Will has been instrumental in building Hummingbird from a private explorer to a near term producer and having him operationally focussed will be a great asset to the Company.

Awards under the Hummingbird Incentive Plan - Performance Orientated ("HIPPO")

In recognition of the critical importance of delivering the Yanfolila Mine on time and on budget and to retain and incentivise key team members, and to align management and shareholders, it has granted options to certain group employees and directors of the Company under the rules of HIPPO.

Name	Position	Total number of shares subject to options granted under the HIPPO
Daniel Betts	Chief Executive Officer	1,704,545
Thomas Hill	Finance Director	1,363,636
Total Directors		3,068,181
Other Employees		4,886,205
Total Employees and Directors		7,954,386

As the core team is developed further awards may be made under HIPPO subject to a maximum dilution limit from HIPPO of 5% of issued share capital.

The options have been granted over ordinary shares in the Company of £0.01 each ("Shares") and have an exercise price of £0.01 per Share. Under normal circumstances the option shall vest as follows subject to the employment with the Company:

- 25% on the first gold pour at the Yanfolila gold mine ("Milestone 1");
- 25% on the passing of the Company completion tests in relation to the Yanfolila gold mine;
- 25% on the date which is the later of: (i) 12 months from Milestone 1; and (ii) the date on which all completion tests in relation to the Yanfolila gold mine are passed, subject to the Yanfolila gold mine continuing to operate as expected; and
- 25% on the date which is the later of: (i) 24 months from Milestone 1; and (ii) the date on which all completion tests in relation to the Yanfolila gold mine are passed, subject to the Yanfolila gold mine continuing to operate as expected.

If the first gold pour is either 3 months behind the target completion date or the costs to the first gold pour are US\$8m over budget, the options will be forfeited.

The Company believes this scheme incentivises key staff to deliver what is the Company's main focus. If delivery hurdles are not met the scheme changes appropriately so it does not reward failure.

Once vested, any options may be exercised during a set exercise period determined by the board of the Company and notified to the option holders. This will be a minimum two week period per calendar year (either two consecutive weeks or two separate period of one week each). Unvested options will normally lapse on cessation of employment for any reason. The option

holders will retain vested options following cessation of employment and will have two years from the date of cessation of employment to exercise, after which the option shall lapse.

****ENDS****

For further information please visit the Hummingbird website
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About Hummingbird Resources Plc

Notes to Editors

Hummingbird Resources (AIM: HUM) is building a leading gold production, development and exploration company. The Company has two core gold projects, the near-term production Yanfolila Gold Project in Mali and the Dugbe Gold Project in Liberia. Its current focus is on bringing Yanfolila, which has a Probable Reserve of 709,800oz @ 3.14g/t and total Resources of 1.8Moz of gold and an additional 390,700oz of non-compliant exploration potential. The high grade gold project has the potential to turn a profit in a varying gold price environment and will allow for quick returns with low operating costs.

The 4.2Moz Dugbe Gold Project in Liberia provides Hummingbird with excellent development upside. An optimisation of the DFS is on-going whilst Yanfolila is brought to production in the near-term. Additionally, the Company has 4,000km² highly prospective exploration ground in Mali and Liberia and is constantly evaluating new quality assets.

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