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Hummingbird Resources PLC
20 August 2021

Hummingbird Resources plc / Ticker: HUM / Index: AIM / Sector: Mining

20 August 2021

Hummingbird Resources plc
("Hummingbird" or the "Company")

Interim Results

Maintaining 2021 production and AISC guidance

Hummingbird Resources (AIM: HUM), is pleased to announce its unaudited results for the six months ended 30 June 2021 ("the Period").

OPERATIONAL AND FINANCIAL HIGHLIGHTS DURING THE PERIOD

- 46,809 ounces ('oz) of gold sold at an average price of US\$1,794/oz
- Revenue of US\$87 million (H1 2020: US\$92 million) with an all in sustaining cost ('AISC') of US\$1,437/oz (improving in Q2 to US\$1,386/oz)
- Adjusted EBITDA of US\$16.2 million (H1 2020: \$39.0 million) and pre-tax loss of US\$3.3 million for the Period (H1 2020 profit of: US\$23.8 million). In line with Hummingbird's guidance expectations with full year production to be weighted towards the second half of the year
- Net cash of US\$12.4 million (inc. gold inventory value of ~US\$3.4 million), with ~US\$4.7 million of final debt repayments made during Q2 2021, taking the Company into a debt free position (H1 2020: net debt of US\$20 million)
- Maintaining 2021 production guidance of 100,000 - 110,000 oz of gold, with an AISC of US\$1,250 - 1,350 per oz of gold sold

DEVELOPMENT AND EXPLORATION

- **Yanfolila Mali:** Material progress and success with the Company's 2021 Yanfolila exploration and drilling programme during H1 2021. ~32,500 metres ('m') of the 44,600 m forecast for the year drilled in H1 2021 (vs ~21,000 m drilled in the whole of 2020) with significant drill hole intercepts reported. The majority of assays from the H1 drilling campaign are awaiting results from the labs in Bamako and the Company anticipates being able to release these results during H2 2021 along with final drilling programmes
- The Company released a detailed Yanfolila mineral resource estimate update of 1.929 million ounces (indicated and inferred). The Company remains on track to release an updated reserve statement later this year, to include Kouroussa in Guinea, and in the future is looking to release a joint Company resource and reserve update annually from H1 2022
- **Kouroussa, Guinea:** Mining licences awarded in May 2021. Detailed capex estimates are being finalised to then enable the Company to complete key work streams, including financing for construction of the mine. As previously stated, the Company will update the market shortly with further details on development plans and capital cost estimates
- **Dugbe, Liberia:** Earn-in partner, Pasofino Gold Ltd ('Pasofino'), released the results of an independent Preliminary Economic Assessment ('PEA') for Dugbe highlighting strong project pre-tax NPV5% economics ranging from US\$825 - US\$1,153 million (dependent on gold price). Ongoing positive drilling results also continued during H1 at Dugbe's two key deposits, Dugbe F and Tuzon, showing upside potential to the PEA economics. Pasofino is working towards a delivery of a Definitive Feasibility Study ('DFS')

ENVIRONMENTAL, SOCIAL & GOVERNANCE ('ESG') HIGHLIGHTS

- **Covid-19:** The Company's ongoing strict on-site testing, quarantine procedures and overall hygiene protocols performed well in mitigating virus spread during H1 2021. In Q2 2021 limited cases were reported with on-site employee vaccinations beginning
- **Hummingbird Tree Initiative:** The Company's locally supported village nursery programmes continued to progress during H1 2021, now with over 10,000 trees ready to be used in the coming months for the Company's annual 20-hectare rehabilitation programme

- **Market gardens:** Hummingbird successfully completed key infrastructure for its local market garden programme, a market centre for trading fruit, vegetables and poultry from locally supported village market gardens completed in Q2 2021. This takes the total Company supported market gardens to 10. The markets now provide employment for over 800 mainly women from the local communities. Water infrastructure improvements were also carried out during H1 2021
- **Sanioumale East ('SE') resettlement:** Progress continued during the Period with workshops, technical services and risk assessments taking place
- **World Gold Council ('WGC') Responsible Gold Mining Principles ('RGMPs'):** Company GAP analysis was completed towards the end of Q2 2021. This is now being evaluated internally and with external ESG consultants to prioritise and address areas where gaps have been identified in the Company's policies and procedures
- **Single Mine Origin ('SMO'):** As a founding member of SMO, good progress was made during the Period with this industry wide initiative of traceable gold to responsibly operated mines. A number of other gold mines joined as SMO members, increased marketing took place in key publications advancing SMO brand awareness, several new leading jewellery brands signed up to use only SMO gold in their products, with future business plans and new revenue streams developed

POST PERIOD

- In July, Hummingbird announced drill results from the SE deposit at Yanfolila where 14 new holes continued to showcase a high grade open pit potential, with one hole demonstrating 5.33 grammes per tonne ("g/t") gold at surface for ~40 m
- In August, the Company provided an update on the exploration programme at Yanfolila, releasing 18 new diamond drill hole results from the Komana East deposit. Each hole intersected mineralisation over the +300 m long strike length tested, to a depth of ~200 m below surface with grades of +3 g/t gold. The mineralisation continues north showing future underground mining growth potential and life of mine extension
- Pasofino released results for a further six drill holes at the Tuzon deposit ([please see link here](#)), in August. The results included 36.3 m grading 2.06 g/t gold and 15 m grading 2.01 g/t. These results are expected to have a positive impact on the updated Mineral Resource Estimate due in September 2021

Dan Betts, CEO of Hummingbird, commented:

"We have yet again had another busy first half to the year. Our key focus centred around productivity and predictability improvements at Yanfolila in Mali, which was reflected in our Q2 2021 operational results, with gold ounces poured and AISC improvements from Q1 2021 levels. Our new COO started in Q1 and has settled into the role, having been to site and implementing a number of processes and protocols aimed at cost reduction and productivity improvements across the business.

"In H1 2021 we completed the repayment of all the debt raised to build our Yanfolila operations, a key milestone of which we are extremely proud.

"Further, the drilling success we achieved in 2020 continued during the period. A material number of metres were drilled at various deposits in H1 2021, and some stellar holes released with many more awaiting assays which we are excited to receive in order to continue to show the potential for extending the mine life at Yanfolila.

"Our growth project, Kouroussa in Guinea, advanced in H1 2021, and with the granting of the mining licences in May, our dedicated project management team are now finalising capex estimates, to then allow completion of financing and then begin construction. We are nearing the finalisation of our capex estimates and anticipate offering a more detailed update on the Kouroussa economics soon.

"Our other development project, Dugbe in Liberia, continued to advance via our joint venture partner Pasofino. Material drilling has taken place at the two key deposits, Dugbe F and Tuzon, and improvements in infrastructure in and around the asset have been carried out. Additionally, a PEA was released showcasing the robust economics of the project.

"With improving operational protocols and efficiencies gaining traction at Yanfolila, Kouroussa moving towards beginning construction, and Dugbe advancing well towards a DFS, we are excited about the future prospects for the Company and look forward to keeping the market updated on our progress for the remainder of the year."

****ENDS****

For further information, please visit www.hummingbirdresources.co.uk or contact

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Notes to Editors:

Hummingbird Resources (AIM: HUM) is a leading multi-asset, multi-jurisdiction gold production, development and exploration company and member of the World Gold Council ('WGC'). Our vision is to continue to grow our asset base, producing profitable ounces, while central to all we do being our Environmental, Social & Governance ('ESG') policies and practices. The Company currently has two core gold projects, the Yanfolila Gold Mine in Mali, and the Kouroussa Gold Project in Guinea. Further, the Company has a controlling interest in the Dugbe Gold Project in Liberia that is being developed by Pasofino Gold Limited through an earn-in agreement.

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021

		Unaudited 6 months ended 30 June 2021	Unaudited 6 months ended 30 June 2020	Audited Year ended 31 December 2020
Continuing operations	Notes			
Revenue		86,559	91,984	185,072
Production costs		(56,014)	(39,358)	(93,975)
Amortisation and depreciation		(20,325)	(21,029)	(41,367)
Royalties and taxes		(3,383)	(3,399)	(6,747)
Cost of sales		(79,722)	(63,786)	(142,089)
Gross profit		6,837	28,198	42,983
Share based payments		(1,036)	(899)	(2,081)
Other administrative expenses		(4,139)	(4,417)	(8,928)
Operating profit		1,662	22,882	31,974
Finance income		760	1,515	2,014
Finance expense		(2,619)	(3,499)	(9,288)
Share of joint venture loss		-	-	(17)
Reversals in impairment of financial assets		42	3	397
(Losses)/gain on financial assets measured at fair value		(3,102)	2,851	1,203
(Loss)/profit before tax		(3,257)	23,752	26,283
Tax		(840)	(910)	(1,135)
(Loss)/profit for the period/year		(4,097)	22,842	25,148

Attributable to:			
Equity holders of the parent	(4,704)	18,164	19,022
Non-controlling interests	607	4,678	6,126
(Loss)/profit for the period/year	(4,097)	22,842	25,148

(Loss)/earnings per share *(attributable to equity holders of the parent)*

Basic (\$ cents)	5	(1.32)	5.13	5.35
Diluted (\$ cents)	5	(1.32)	4.92	5.02

Consolidated Statement of Financial Position

As at 30 June 2021

		Unaudited	Unaudited	Audited
		30	30	31
		June	June	December
		2021	2020	2020
		\$'000	\$'000	\$'000
	Notes			
Assets				
Non-current assets				
Intangible exploration and evaluation assets		82,062	74,653	75,574
Intangible assets software		156	240	204
Property, plant and equipment		143,803	120,997	150,247
Right of use assets	6	39,552	19,278	13,797
Investments in associates and joint ventures		175	192	175
Financial assets at fair value through profit or loss		2,279	9,352	7,721
Deferred tax assets		684	-	684
		268,711	224,712	248,402
Current assets				
Inventory		16,117	30,264	20,352
Trade and other receivables		18,520	13,831	12,724
Unrestricted cash and cash equivalents		4,558	1,417	6,552
Restricted cash and cash equivalents		4,379	4,123	4,516
		43,574	49,635	44,144
Total assets		312,285	274,347	292,546
Liabilities				
Non-current liabilities				
Lease liability	6	25,897	13,256	2,380
Deferred consideration		5,599	-	5,402
Other financial liabilities		6,836	-	6,836
Provisions		16,157	14,921	16,125
		54,489	28,177	30,743
Current liabilities				
Trade and other payables		50,558	37,233	39,440
Lease liability	6	12,822	5,787	10,894
Other financial liabilities		15,000	15,000	15,000
Borrowings		-	25,816	13,208
		78,380	83,836	78,542
Total liabilities		132,869	112,013	109,285
Net assets		179,416	162,334	183,261
Equity				
Share capital	7	5,344	5,309	5,344
Share premium		488	155	488
Shares to be issued		17,407	-	17,407
Retained earnings		145,794	148,542	150,246

Equity attributable to equity holders of the parent	169,033	154,006	173,485
Non-controlling interest	10,383	8,328	9,776
Total equity	179,416	162,334	183,261

Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

	Unaudited 6 months ended 30 June 2021 \$'000	Unaudited 6 months ended 30 June 2020 \$'000	Audited Year ended December 2020 \$'000
Operating activities			
(Loss)/profit before tax	(3,257)	23,752	26,283
Adjustments for:			
Amortisation and depreciation	14,090	15,392	29,200
Amortisation and depreciation - right of use assets	6,348	5,796	12,485
Share based payments	1,098	1,293	2,551
Finance income	(760)	(1,515)	(2,014)
Finance expense	2,619	3,499	9,288
Share of joint venture loss	-	-	17
Reversals in impairment of financial assets	(42)	(3)	(397)
(Losses)/gains on financial assets measured at fair value	3,102	(2,851)	(1,203)
Operating cash flows before movements in working capital	23,198	45,363	76,210
Decrease/(increase) in inventories	4,235	(12,181)	(2,095)
(Increase)/decrease in receivables	(6,346)	(2,275)	(1,796)
Increase/(decrease) in payables	11,657	(2,495)	(4,297)
	32,744	28,412	68,022
Taxation paid	(1,475)	(972)	(1,766)
Net cash inflow from operating activities	31,269	27,440	66,256
Investing activities			
Asset purchase, net of cash acquired	-	-	(35)
Purchases of exploration and evaluation assets	(5,618)	(794)	(2,601)
Purchases of property, plant and equipment	(7,599)	(6,612)	(18,136)
Pasofino funding	6,308	-	5,559
Pasofino funding utilisation	(7,178)	-	(4,673)
Purchase by non-controlling interest	-	-	1,883
Sale and purchase of shares in other companies	2,538	(393)	(393)
Interest received	-	9	11
Net cash used in investing activities	(11,549)	(7,790)	(18,385)
Financing activities			
Exercise of share options and warrants	-	163	532
Lease principal payments	(6,657)	(5,684)	(12,663)
Lease interest payments	(356)	(699)	(1,201)
Loan interest paid	(255)	(1,672)	(2,547)
Loans repaid	(13,278)	(14,368)	(29,252)
Commission and other fees paid	(341)	-	(571)
Net cash used in financing activities	(20,887)	(22,260)	(45,702)
Net (decrease)/increase in cash and cash equivalents	(1,167)	(2,610)	2,169
Effect of foreign exchange rate changes	(964)	(379)	370
Cash and cash equivalents at beginning of period/year	11,068	8,529	8,529
Cash and cash equivalents at end of period/year	8,937	5,540	11,068

Consolidated Statement of Changes in Equity**For the six months ended 30 June 2021**

	Share capital \$'000	Share premium \$'000	Shares to be issued \$'000	Retained earnings \$'000	Total equity attributable to the parent \$'000	Non-controlling interest \$'000	Total \$'000
As at 1 January 2020	5,301	-	-	129,952	135,253	3,650	138,903
Profit for the period	-	-	-	18,164	18,164	4,678	22,842
Total comprehensive income for the period	-	-	-	18,164	18,164	4,678	22,842
Share based payments	8	155	-	426	589	-	589
As at 30 June 2020 (Unaudited)	5,309	155	-	148,542	154,006	8,328	162,334
As at 1 January 2020	5,301	-	-	129,952	135,253	3,650	138,903
Profit for the year	-	-	-	19,022	19,022	6,126	25,148
Total comprehensive income for the year	-	-	-	19,022	19,022	6,126	25,148
Shares to be issued as consideration in asset purchase	-	-	17,407	-	17,407	-	17,407
Share based payments	43	488	-	1,272	1,803	-	1,803
As at 31 December 2020 (Audited)	5,344	488	17,407	150,246	173,485	9,776	183,261
As at 1 January 2021	5,344	488	17,407	150,246	173,485	9,776	183,261
<i>Comprehensive (loss)/income for the period:</i>							
(Loss)/profit for the period	-	-	-	(4,704)	(4,704)	607	(4,097)
Total comprehensive (loss)/income for the period	-	-	-	(4,704)	(4,704)	607	(4,097)
Share based payments	-	-	-	252	252	-	252
As at 30 June 2021 (Unaudited)	5,344	488	17,407	145,794	169,033	10,383	179,416

1. General information

Hummingbird Resources PLC is a public limited company with securities traded on the AIM market of the London Stock Exchange. It is incorporated and domiciled in the United Kingdom and has a registered office at 49-63 Spencer Street, Hockley, Birmingham, West Midlands, B18 6DE.

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

2. Adoption of new and revised standards

The interim financial statements have been drawn up based on accounting policies consistent with those applied in the financial statements for the year ended 31 December 2020. There were several accounting standards updates effective 1 January 2021, which did not have any material impact on the financial statements of the Group.

IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 (Amendments)	effective 1 January 2021	Interest Rate Benchmark Reform - Phase 2
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The following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective.

IFRS 17	effective 1 January 2023	Insurance contracts
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3. Significant accounting policies**Basis of preparation**

The consolidated interim financial information has been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, which is expected to be applied in the Group's financial statements for the year ended 31 December 2021.

The consolidated interim financial information for the period 1 January 2021 to 30 June 2021 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 2020. 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 2020 to 30 June 2020 and the audited financial year to 31 December 2020. 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'). The Group's consolidated annual financial statements for the year ended 31 December 2020, 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.

At 30 June 2021, the Group had cash and cash equivalents of \$9.0 million and total borrowings of \$nil million. As at June 30, 2021, the Company had a working capital deficiency (current assets less current liabilities) of \$34.8 million. The current liabilities include Anglo Pacific royalty liability of \$15 million which, although current due to the nature of the agreement, is not expected to be paid soon.

Going concern

The Group has prepared cash flow forecasts based on estimates of key variables including production, gold price, operating costs, capital expenditure through to December 2022 that supports the conclusion of the Directors that they expect funding arrangements currently in place to be sufficient to meet the Group's anticipated cash flow requirements to this date.

These cashflow forecasts are subject to a number of risks and uncertainties, in particular the ability of the Group to achieve the planned levels of production and gold prices. The Board reviewed and challenged the key assumptions used by management in its going concern assessment.

The Board also considered sensitivities to those cash flow scenarios (including where production is lower than forecast) which in some cases showed tight cash flow months. Should this situation arise, the Directors believe that they have a number of options available to them, such as deferring certain expenditures, which would allow the Group to meet its cash flow requirements through this period.

Based on its review, the Board has a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future and hence the Board considers that the application of the going concern basis for the preparation of the Interim Financial Statements was appropriate.

Should the Group be unable to achieve the required levels of production and associated cashflows, defer expenditures or obtain additional funding such that the going concern basis of preparation was no longer appropriate, adjustment would be required including the reduction of balance sheet asset values to their recoverable amounts and to provide for future liabilities should they arise.

4. EBITDA and adjusted EBITDA

Earnings before interest, taxes, depreciation and amortisation ("EBITDA") is a factor of volumes, prices and cost of production. This is a measure of the underlying profitability of the Group, widely used in the mining sector. Adjusted EBITDA removes the effect of impairment charges, foreign currency translation gains/losses and other non-recurring expense adjustments but including IFRS 16 lease payments.

Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited year ended 31 December 2020
	\$'000	\$'000	\$'000
(Loss)/profit before tax	(3,257)	23,752	26,283
Less: Finance income	(760)	(1,515)	(2,014)
Add: Finance costs	2,619	3,499	9,288
Add: Depreciation and amortisation	20,438	21,188	41,685
EBITDA	19,040	46,924	75,242
IFRS 16 lease interest and principal payments	(7,013)	(6,383)	(13,864)
Share based payments	1,098	1,293	2,551
Share of joint venture loss	-	-	17
Reversals in impairment of financial assets	(42)	(3)	(397)
(Losses)/gains on financial assets measured at fair value	3,102	(2,851)	(1,203)
Adjusted EBITDA	16,185	38,980	62,346

5. (Loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share is calculated by dividing the net (loss)/profit for the period/year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period/year.

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

	Unaudited six months ended 30 June 2021 \$'000	Unaudited six months ended 30 June 2020 \$'000	Audited year ended 31 December 2020 \$'000
(Loss)/profit			
(Loss)/profit for the purposes of basic (loss)/earnings per share being net (loss)/profit attributable to equity holders of the parent	(4,704)	18,164	19,022

	30 June 2021 Number	30 June 2020 Number	31 December 2020 Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	357,428,368	354,215,944	355,380,149
Weighted number of shares to be issued as part of asset purchase	35,248,441	-	11,685,100
Adjustments for share options and warrants	18,097,483	14,822,647	11,835,883

Weighted average number of ordinary shares for the purposes of diluted (loss)/profit per share	410,774,292	369,038,591	378,901,132
(Loss)/earnings per ordinary share	30 June 2021	30 June 2020	31 December 2020
	\$ cents	\$ cents	\$ cents
Basic	(1.32)	5.13	5.35
Diluted	(1.32)	4.92	5.02

At 30 June 2021 there were 53,345,924 potentially dilutive ordinary shares. Potentially dilutive ordinary shares include share options issued to employees and directors, warrants issued and in 2020 includes the 35,248,441 shares to be issued as part of the Kouroussa Project acquisition. For period ended 30 June 2021, because there is a reduction in loss per share resulting from the assumption that the share options and warrants are exercised, the latter are anti-dilutive and are ignored in the computation of diluted loss per share and therefore there is no difference between basic and diluted loss per share.

6. Right of use assets

Following the granting of a new mining contract to Junction Contract Mining ('JCM') in April 2021, a reassessment right of use assets and liabilities was initiated. This resulted in an both an increase in the right of use assets and lease liabilities under IFRS 16 'Leases'.

These assets and liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates as of 9-10%.

7. Share capital

Authorised share capital

As permitted by the Companies Act 2006, the Company does not have an authorised share capital.

	Unaudited six months ended 30 June 2021 Number	Unaudited six months ended 30 June 2020 Number	Audited year ended 31 December 2020 Number
Issued and fully paid			
Ordinary shares of £0.01 each	357,428,368	354,755,378	357,428,368
Shares to be issued ¹			
Ordinary shares to be issued of £0.01 each	35,248,441	-	35,248,441
Total Ordinary shares after issue - shares of £0.01 each	392,676,809	354,755,378	392,676,809
	30 June 2021 \$'000	30 June 2020 \$'000	31 December 2020 \$'000
Issued and fully paid			
Ordinary shares of £0.01 each	5,344	5,309	5,344
Shares to be issued ¹			
Ordinary shares to be issued of £0.01 each	470	-	470
Ordinary shares after issue of £0.01 each	5,814	5,309	5,814

¹ Following the acquisition of Kouroussa Project in Guinea during the year, a total of 35,248,441 new Ordinary Shares in the Company will be issued. These were issued on 13 July 2021.

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