

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

21 July 2022

**Hummingbird Resources plc**  
**("Hummingbird" or the "Company")**  
**Q2 2022 Operational and Trading Update**  
***"Operational trends improving"***

Hummingbird Resources plc (AIM: HUM) provides an operational update for the second quarter of 2022 ("Q2 2022").

An interview with senior management discussing the operational and trading update can be viewed [here](#).

Further, an updated drone and timelapse camera video detailing the construction progress at the Kouroussa gold mine in Guinea can be viewed [here](#).

**Q2 2022 updates:**

- **Quarter production:** Q2 2022 production increased 29% from Q1 2022 to 20,013 ounces ("oz") of gold (Q1 2022: 15,548oz), with improved mining rates (+26%), processing plant throughput (+20%) and mill feed grade (+9%) achieved during the quarter
- **All-in Sustaining Cost ("AISC"):** AISC reduced by 17% from Q1 2022 to US\$1,859 per oz (Q1 2022: US\$2,235 per oz) primarily due to improved quarterly production. Inflationary pressures are being felt, especially from fuel and consumables, in common with the global mining industry. However, the Company expects a continual improvement in the AISC profile from current levels for the remainder of the year
- **Gold sold:** 20,490 oz of gold ("Au") sold in Q2 2022 at an average realised price of US\$1,851 per oz (Q1 2022: 15,179 oz at an average realised price of US\$1,871). The Company held 2,418 oz of gold inventory on 30 June 2022, valued at c.US\$4.3 million
- **Kouroussa, Guinea:** During the quarter, construction at Kouroussa advanced into the important civil works phase of the build process. The build remains on time and on budget to meet the scheduled first gold pour by the end of Q2 2023 (see video link above for more detailed visuals on the construction progress)
- **Dugbe, Liberia:** The Dugbe final feasibility study results were released on 13 June 2022 by our joint venture partners Pasofino Gold Ltd ("Pasofino") showcasing a sizeable gold mining project of 2.76 million of ounces ("Moz") of gold in Reserves (4.01Moz Resources) and strong project economics including a pre-tax NPV<sub>5%</sub> of US\$690 million (US\$530 million post-tax), 26.35% IRR (23.6% post-tax), and a life of mine ("LOM") of 14 years, producing 200,000 oz per annum in the first five years. As noted in the June release, the Company is currently conducting a strategic review of its options to best realise the maximum value of Dugbe for all stakeholders

- **Updated Company Reserves and Resources<sup>1</sup>:** Updated Company Reserves and Resources Estimate statements for each of the Company's three gold assets were released during the quarter. Company Reserves increased materially to 4.13Moz of Au from 1.12Moz as reported in November 2021 and Resources increasing 8% to 7.28Moz of Au from the previous statement

#### Outlook:

- **Guidance:** The Company maintains its 2022 guidance of 87,000 - 97,000 oz of gold, forecasting improved H2 production versus H1 2022 levels, in line with our start of year guidance expectations and our current mine plan. Due to ongoing inflationary cost pressures, especially from fuel and consumables, the full year AISC guidance of US\$1,300 - US\$1,450 per oz will be re-assessed at the end of Q3 and a further update provided at that time

#### Dan Betts, CEO of Hummingbird, commented:

*"For the second quarter we saw production improvements at Yanfolila; ongoing construction progress at Kouroussa with major civil works taking shape towards first gold pour the end of Q2 2023; release of our updated Company Reserves and Resources statements showcasing LOM extensions providing real long-term value for the Company, coupled with a major milestone being achieved with the release of the feasibility study on Dugbe by our joint venture partners Pasofino.*

*Despite macro conditions from inflationary pressures being seen across the board, we remain focussed on maintaining an improving production profile through H2 2022 at Yanfolila, which should compensate for most of these pressures, coupled with ongoing optimisation and cost reduction strategies being implemented at Yanfolila.*

*The second half of 2022 is also a critical stage in the development of our second gold mine at Kouroussa in Guinea, which remains on track and budget for first gold pour by the end of Q2 2023. The release of the updated Reserves and Resources in Q2 demonstrates the significant open pit grades at this project, which is a cornerstone of our growth strategy through bringing into production, diversifying our asset base and generating strong future cashflows for the Company.*

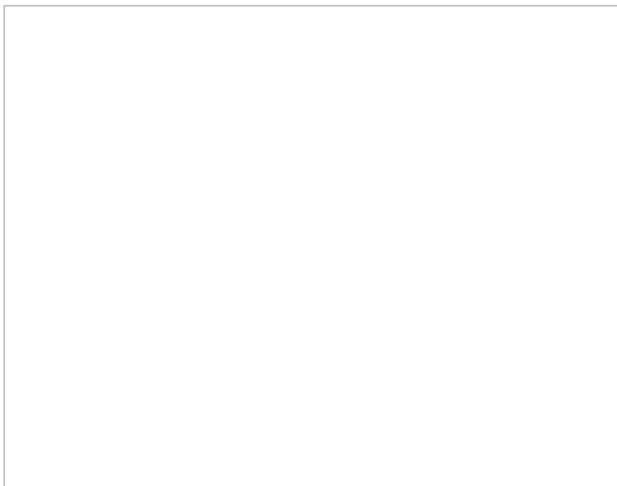
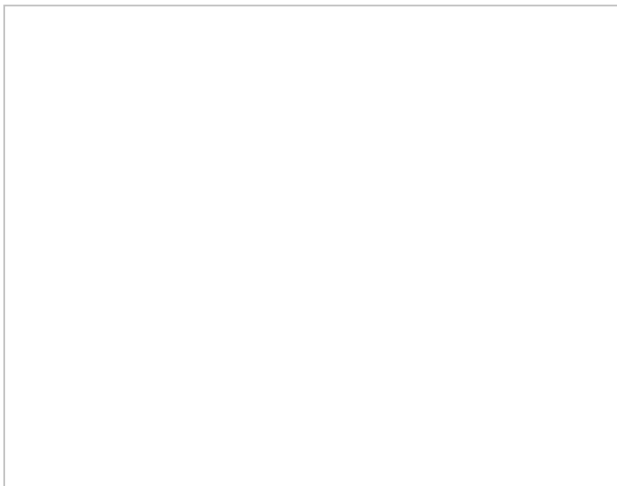
*Finally, in H2 2022, we will work with our partners at Pasofino to conduct a strategic review of Dugbe, Liberia to better understand our options to maximise shareholder value from this rare and valuable asset."*

#### Operational Summary

	Unit	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Gold poured	oz	24,494	22,102	18,181	15,548	20,013
Mined BCMs	bcms	2,672,788	2,095,935	1,920,311	2,164,253	2,726,205
Ore mined	t	443,490	392,005	445,808	502,800	511,449
Ore processed	t	391,652	326,020	341,936	298,925	357,837
Avg. mill grade feed	g/t	2.14	2.27	1.79	1.71	1.87
Recovery	%	91.88%	91.95%	92.38%	95.39%	94.82%
Gold inventory - incl SMO	oz	1,972	2,769	2,246	2,557	2,418

Note: Ore mined includes high grade, low grade, and marginal material. Ore processed is a blend based on preferential feed of high-grade and low grade, with marginal ore added as an incremental feed source

**Yanfolila, Mali - Operational charts detailing improving trends: quarterly production; mined BCMs; and average mill grade feed (g/t)**



- Q2 2022 production of 20,013 oz was a 29% improvement from the 15,548 oz recorded in Q1 2022. Additional excavator fleet became operational during the quarter which led to improved mining volumes and the ability to deliver on the mine plan, leading to improved gold poured ounces
- As noted in our Q1 2022 release, the Company was looking to increase throughput at the mill in Q2, in particular by utilising increasing oxide stockpiles from mining at the Sanioumale West ("SW") deposit. This took place, with ore processed at the mill increasing c.20% quarter on quarter to 357,837 oz
- Mill feed grade for Q2 2022 averaged 1.87 g/t, up +9% (Q1 2022: 1.71 g/t)

- With improved mining rates and practices starting to take place, the quantity and quality of ore on our run of mill ("ROM") pad improved during the quarter, leading to improvements in mill feed grade
- Mined bank cubic meters ("BCM") totalled 2,726,205 in Q2 2022 versus 2,164,253 in Q1 2022, a c.26% improvement. This was driven primarily by the additional excavator fleet that became operational in the quarter
- With BCM movements now more in line with our mine plan forecasts, a key focus for H2 2022 is to better deliver on the mine plan on a daily, weekly, and monthly basis running into year-end
- Processing plant recovery rates for Q2 2022 remained at very good levels of 94.82% versus 95.39% in Q1 2022
- The Company is forecasting improved H2 production versus H1 2022 levels, in line with our start of year guidance expectations and our current mine plan primarily driven by more consistent mining volume rates leading to better access to higher quality ore at the right sequence to the mine plan; improved ROM pad performance of quality and quantity of ore feed to the mill; and ongoing consistent processing plant performance
- As noted in our updated Company Reserves and Resources statements, with Yanfolila Komana East underground ("KEUG") Reserves increasing 75koz (+37% from the previous statement), to total 278koz at 3.94 g/t, KEUG is expected to be a key source of high-grade ore, providing a c.40,000- 50,000 oz per annum production profile for a minimum of +5-6 years once in production (with KEUG LOM upside potential with further exploration drilling given mineralisation remains open at depth)
- With the 2022 KEUG Reserves now complete, the Company is finalising its detailed analysis of the KEUG deposit in terms of economics, mining and when to incorporate it into the future mine plans at Yanfolila, with more details of these plans to be highlighted once finalised
- Further, in early July, the Economic Community of West African States ("ECOWAS") lifted economic and financial sanctions imposed on Mali, after its military rulers proposed a 24-month transition to democracy and published a new electoral law
  - This is a positive for our Yanfolila operations as it allows for the removal of restrictions that have been imposed on the movement of goods and people across borders and international banking capabilities in particular. Importantly, with the lifting of sanctions, offsetting of VAT recoverable against taxes payable has recommenced, expecting to be a net cash benefit

### ***Kouroussa, Guinea***

During the quarter, considerable progress was made on constructing Kouroussa, with the scheduled timeline and budget remaining on track to achieve the first gold pour by the end of Q2 2023. Key updates included:

- Major civil works are well underway including: processing plant CIL tanks construction advancing to plan; the permanent mine camp cement foundations and related infrastructure underway; and access roads and related infrastructure such as river crossing culverts being completed
- Power (including important solar plant and heat recovery system initiatives) and mining contractor contracts are expected to be awarded during Q3 2022
- The concrete batch plant, rebar bending store and laboratory facilities became operational in Q1 2022, with cement manufacturing output increasing for general, processing plant, and mine camp foundation works that are occurring
- With the updated Company's Reserves and Resources statements now completed, our geology team are doing a more detailed review of future exploration drilling campaigns to be initiated with the focus to increase Kouroussa's overall Resources and Reserves and ultimately LOM

- Community engagement remains a key feature of all workstreams, with the community projects and livelihood initiatives to start H2 2022 including: water supply infrastructure; local community hospital infrastructure improvements and medical supplies; market gardens; and Shea butter manufacturing training

#### **Dugbe, Liberia**

- The results of the Dugbe Gold Project FS, prepared by the Company's earn-in partner Pasofino, were released on 13 June 2022. This was a key milestone for the Company, taking Dugbe from an exploration asset to an economically viable and sizeable gold mining project
- The FS results showcased 2.76Moz in Reserves (4.01Moz Resources) and strong project economics including: Pre-tax NPV<sub>5%</sub> of US\$690 million (US\$530 million post-tax), 26.35% IRR (23.6% post-tax); a 3.5-year capex payback period once in production; and a 14-year LOM, producing 200,000 oz per annum in the first five years at a low AISC profile of US\$1,005/oz
- The Company is currently conducting a strategic review of its options to best realise the maximum value of Dugbe for all stakeholders

#### **Financial Summary:**

	Unit	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Gold sales	oz	24,790	22,255	18,489	15,179	20,490
Avg. gold sale price	\$/oz	\$1,802	\$1,782	\$1,782	\$1,871	\$1,851
Operating cash costs	\$'000	\$33,986	\$33,472	\$32,486	\$32,177	\$38,253
AISC on gold sold	\$/oz	\$1,386	\$1,520	\$1,803	\$2,235	\$1,859
Net (debt) / cash	\$'m	\$9.0	(\$5.9)	(\$25.0)	(\$47.4)	(\$64.4)
Net (debt) / cash inc gold inventory value	\$'m	\$12.4	(\$1.0)	(\$21.0)	(\$42.4)	(\$60.1)

- Q2 2022 AISC improved 17% from Q1 2022 levels at US\$1,859 per oz, versus US\$2,235 per oz in Q1 2022 primarily due to the improved quarterly production
- As seen with the Q2 AISC profile, with production improvements forecast for the H2 2022, the AISC profile is also scheduled to improve. As noted in our highlights above, due to ongoing inflationary cost pressures, especially from fuel and consumables, the full year AISC guidance of US\$1,300 - US\$1,450 per oz will be re-assessed at the end of Q3 and a further update provided at that time
- As noted above, with sanctions lifted on Mali in early July, offsetting of VAT recoverable against taxes payable has recommenced, expected to be a net cash benefit
- Net debt position c.US\$64.4 million end of Q2 2022 (c.US\$60.1 million including gold inventory value), with c.US\$23 million debt remaining available from Coris Bank International ("Coris Bank") expected to be drawn during Q3/Q4 2022 for the Kouroussa construction purposes. Further, the Company retains an overdraft facility with Coris Bank of c.US\$20 million
- With improved H2 2022 production and AISC profile forecast at Yanfolila, the Company's cash flow generation is expected to also improve

#### **ESG Q2 2022 updates include:**

- The external assurance audit begun in Q2 for the year 3 World Gold Council ("WGC") responsible gold mining principles ("RGMPs") requirements. A dedicated Hummingbird ESG team and external consultants are in place

to achieve a positive assurance audit report outcome, expected in Q4 this year

- As noted above, at Kouroussa, community engagement remains a key feature of all workstreams, with the rolling out of initial community projects and livelihood initiatives to start H2 2022: including: water supply infrastructure; local community hospital infrastructure improvements and medical supplies; market gardens; and Shea butter manufacturing training
- Further at Kouroussa we expect to be awarding the power contract soon, which will include carbon emission reduction technologies that will lower the overall carbon footprint of the mine including: A +7Mwh solar plant and heat recover generator units at the processing plant
- At Dugbe, Liberia the Environmental and Social Impact Assessment ("ESIA") study is expected to be finalised by our joint venture partners, Pasofino in Q3 2022

Footnote 1 - All Company Reserves and Resources are shown on a 100% basis. Hummingbird will retain a controlling interest in Dugbe of 51%

**\*\*ENDS\*\***

#### Notes to Editors:

Hummingbird Resources plc (AIM: HUM) is a leading multi-asset, multi-jurisdiction gold production, development and exploration Company, member of the World Gold Council and founding member of Single Mine Origin ([www.singlemineorigin.com](http://www.singlemineorigin.com)). The Company currently has two core gold projects, the operational Yanfolila Gold Mine in Mali, and the Kouroussa Gold Mine in Guinea, which will more than double current gold production when production, scheduled for first gold pour end of Q2 2023. 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. The final feasibility results on Dugbe showcase 2.76Moz in Reserves and strong economics such as a 3.5-year capex payback period once in production, 14-year life of mine at a low AISC profile of US\$1,005/oz. 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.

For further information please visit [www.hummingbirdresources.co.uk](http://www.hummingbirdresources.co.uk) or contact:

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