

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

21 October 2022

Hummingbird Resources plc

("Hummingbird" or the "Company")

Q3 2022 Operational, Finance and Trading Update

Hummingbird Resources plc (AIM: HUM) provides an operational, finance and trading update for the third quarter to 30 September 2022 ("Q3 2022").

Operational Update

Mali, Yanfolila

- **Quarter production:** Q3 2022 production of 16,827 ounces ("oz") of gold (Q2 2022: 20,013 oz)
- **All-in Sustaining Cost ("AISC"):** US\$2,161 per oz for Q3 2022 (Q2 2022: US\$1,859 per oz), the increase primarily due to a lower production rate quarter on quarter ("QoQ") and ongoing inflationary pressures in particular fuel, spares, consumables and reagents
- **Gold sold:** 16,917 oz of gold ("Au") sold in Q3 2022 at an average realised price of US\$1,713 per oz (Q2 2022: 20,490 at an average realised price of US\$1,851 per oz). The Company held 2,187 oz of gold inventory on 30 September 2022, valued at c.US\$4 million
- **Additional Financing:** The Company has agreed in principle with its partner, Coris Bank International, additional financing facilities of up to, in aggregate, US\$35m to support the Group's liquidity whilst it brings the Kouroussa Project into production. This includes a one year loan facility of CFA10bn (approximately US\$15m) which has already been made available on similar terms to existing facilities the Company has in place with Coris Bank International. The structure and terms of the balance of US\$20m are expected to be confirmed during the current quarter. This additional liquidity is expected to see the Company through to the commencement of production at Kouroussa
- **Yanfolila Production:** The Company has taken decisive action to stabilise ongoing production and return Yanfolila to being cashflow positive by addressing the poor mining performance of the Yanfolila mine both in the immediate and longer term. This includes:
 - The replacement of the mining contractor's production and grade control rigs by third party contractors. These rigs are now on site, commissioned and in production in the Komana East deposit which has historically been our highest grade and best performing source of ore giving confidence in an immediate improvement in output
 - Ongoing external support in the form of equipment, management expertise and funding for the contract miner
 - Assisting in the restructure of the contract miner through an expansion of the group's relationship with Corica Mining Services ("Corica") and the injection of capacity to ensure it can perform its contractual obligations
 - Changes to the leadership team of the mine.

Guinea, Kouroussa

- **Construction progress:** During Q3 2022, construction at Kouroussa continued to advance in line with planned construction and budget schedules and by the end of the quarter with key highlights;

- Significant safety performance milestone was achieved with 1 million man hours lost time injury ("LTI") free during the last quarter
- 61% complete against the overall project execution schedule and remains on time and budget to achieve first gold pour by the end of Q2 2023
- The Company appointed West African specialists Corica Mining Services (formally SFTP), to be the contract miner at Kouroussa; and
 - Contractor's mining equipment has started mobilisation for a pre mining start targeted for November 2022
- Advance grade control drilling to further delineate the orebody ahead of mining has commenced.
- A General Manager with significant operational readiness experience has been selected and will join the team in November.
- An updated drone video detailing the construction progress at the Kouroussa gold mine can be viewed [here](#).

Liberia, Dugbe

- **Significant hidden Value:** Following the publication of the feasibility study showing an NPV of US\$690m and an IRR of 26.35%, as noted last quarter, the Company is currently conducting a strategic review of its options to best realise the maximum value of the Dugbe project for all stakeholders. This process is ongoing with our joint venture partner's Pasofino Gold Limited ("Pasofino").

Outlook:

- **Guidance:** The production profile for 2022 remains weighted towards the end of the year in the current quarter. Although production has been impacted significantly in Q3 due to the issues highlighted above the Company is now beginning to access the higher-grade ore zones in Komana East, that were originally forecast to be accessed in Q3 2022 under the mine plan. Although the anticipated increase in tonnage from the higher grade Komana East open pit will significantly improve production and lower cash costs in the fourth quarter, the poor performance in Q3 and the delay in getting back into Komana East has resulted in the year end 2022 production guidance range being conservatively lowered to between 77,000 - 87,000 oz (previously 87,000 - 97,000 oz) and adjusting full year AISC guidance to US\$1,600 - US\$1,800 per ounce (previously US\$1,300 - US\$1,450).
- Additionally, as a result of the actions taken, Yanfolila is expected to deliver an AISC of under US\$1,400 per ounce for Q4 2022 and be cashflow positive.

Dan Betts, CEO of Hummingbird, commented:

"Despite the disappointing production numbers, Q3 was a quarter of progress in addressing the root cause of the issues which Yanfolila has faced over the last twelve months in particular.

The main reason for the lower-than-expected production at Yanfolila this quarter was the delay in mining the high-grade Komana East deposit, which has historically been our most reliable ore body. This delay was driven by the continued underperformance of the mining fleet in delivering the contracted tonnes and face positions as per the mine plan. Since JCM took over the mining contract from AMS they have been unable to deliver the contracted rates because of an undercapitalised maintenance and fleet management plan. Resolving this has proved a challenge but I am happy to say we have now agreed on a working plan which brings together all the interested parties. Supported by the leading West Africa mining contractor, Corica Mining Services, and Coris Bank International, a new structure is expected to be implemented this quarter, supported by a liquidity package to recapitalise the contract miner's ability to right-size the fleet and ensure it is adequately maintained to deliver as planned. This is a significant step forward in resolving the longer-term operational challenges at Yanfolila. We have also changed the site leadership team during the quarter. We are now mining the high-grade Komana East deposit and expect it will provide the majority of the ore for Q4.

Additionally, with the support of Coris Bank International, we have agreed a new liquidity line of US\$35m. The first US\$15m has already been advanced to the Company and the balance should alleviate concerns about our liquidity position whilst we focus on bringing Kouroussa into production.

Kouroussa, which recently celebrated a major milestone of one million injury-free hours, remains on time and on budget to pour gold by the end of Q2 next year. We are confident that this is shaping up to be a high-grade strongly cash generative mine from inception. The signing of the mining contractor is another significant milestone. [Corica](#) has extensive experience and the largest mining fleet and asset operations in West Africa, with multiple internationally recognised mining companies, including Endeavour, Barrick and Perseus.

Whilst the Company has been traversing a challenging path, the actions taken during the quarter have stabilised the business in terms of group liquidity required to deliver Kouroussa and improvements at Yanfolila."

Operational Summary

| | Unit | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|---------------------------|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Gold poured | oz | 22,781 | 24,494 | 22,102 | 18,181 | 15,548 | 20,013 | 16,827 |
| Mined BCMs | bcms | 2,865,292 | 2,672,788 | 2,095,935 | 1,920,311 | 2,164,253 | 2,726,205 | 1,539,947 |
| Ore mined | t | 364,114 | 443,490 | 392,005 | 445,808 | 502,800 | 511,449 | 361,755 |
| Ore processed | t | 345,374 | 391,652 | 326,020 | 341,936 | 298,925 | 357,837 | 290,756 |
| Avg. grade mill feed | g/t | 2.16 | 2.14 | 2.27 | 1.79 | 1.71 | 1.87 | 1.90 |
| Recovery | % | 92.97% | 91.88% | 91.95% | 92.38% | 95.39% | 94.82% | 92.84% |
| Gold inventory - incl SMO | oz | 2,596 | 1,972 | 2,769 | 2,246 | 2,557 | 2,418 | 2,187 |

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

Q3 2022 gold production of 16,855 oz was down from the 20,013 oz recorded in Q2 2022. This was below the Company's expectations and primarily due to the continued underperformance of the contract miner and its fleet resulting in lower than expected mining volumes and delays in accessing the anticipated higher-grade ore zones at the Komana East ("KE") orebody.

Mining:

Mined bank cubic meters ("BCM") totalled 1,539,947 in Q3 2022 versus 2,726,205 in Q2 2022, a c.44% decline QoQ. This material decline in BCM rates QoQ was due to the contract miner's poor equipment performance in general and that of key drill rig equipment availability in particular. Although, the contract miner's equipment performance continued to deteriorate, during the quarter, these issues have since been largely rectified with new third party grade control and production drilling rigs supplementing the excavators provided by Corica, now in service. The lack of drilling equipment availability delayed the Company from accessing the higher grade material planned to be mined during the quarter, in particular at Komana East.

Processing:

Mill feed grade for Q3 2022 averaged 1.90 g/t, (Q2 2022: 1.87 g/t):

- Mill feed grade improved QoQ, which although positive, was below our mine plan expectations; this was due to less available higher-grade ore than planned, in particular from Komana East, being accessed and fed to the mill for processing during the quarter;
- With the implementation of the mitigating measures, as detailed above, expectations remain per our mine plan of higher mill feed grades to be accessed for the remainder of the year and into 1H 2023.

Budgeted mill throughput is currently 3,900 tonnes per day with the potential to increase by up to 15% during the course of Q4, which is being realised at the time of publishing this release.

Processing plant recovery rates for Q3 2022 of 92.84% versus 94.82% in Q2 2022, are due to higher proportions of oxides (due to the unavailability of production drills) being processed in the quarter. These recoveries are in line with our plant's performance expectations for the material type.

Contract Miner Remediation

As set out in this and previous announcements, 2022 production at Yanfolila has been significantly hampered by the underperformance of the mining contractor, including the availability of the required drilling fleet, due to a prolonged under investment in their equipment.

To stabilise production, the Company has further intervened this quarter by securing additional key equipment to site, including grade control and production drill rigs from third parties to supplement the excavator fleet that is currently supplied and maintained by Corica.

This newly mobilised equipment has allowed the Company to resume mining to its scheduled mine plan with strategies in place to accelerate production for the remainder of the year.

In addition to these reactive measures, the Company is assisting with the restructure of the contract miner to ensure the technical, operational, managerial and fleet capacity is available to support projected Q4 production

rates into and beyond 2023. This assistance includes the expansion of the Company's strategic relationship with Corica in providing further direct support to the mining contractor.

As noted above, the Company has also renewed the leadership team at Yanfolila.

Q4 2022 Production Outlook

The Company's mining targets include approximately 430,000 tonnes of ore from the KE deposit at higher grades, and has budgeted a base case of processing 385,000 tonnes of ore with potential for increased throughput of higher grade material. Together with the actions taken, these mining targets de-risk the production profile through the planned building of higher grade stockpiles over the quarter.

Komana East Underground "KEUG"

As noted in our updated Company Reserves and Resources statements earlier in the year, with 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 has decided to accelerate the development and integration of the high grade KEUG deposit into its 2023 mine plan with c.EUR11M of equipment orders currently expected to be finalised with EPIROC through vendor financing in conjunction with EKN Insurance (Swedish Export Credit Agency).

The acceleration of the KEUG into the back end of Q1 of 2023 with first gold production expected in H2 2023, brings forward production from a high-grade deposit underpinning Yanfolila's production profile for years to come and removing sole reliance on its current open pit operations.

Kouroussa, Guinea

The Kouroussa Gold Mine ("Kouroussa" or "the Project") is forecast to be a high-grade, low-cost mine which will produce an average of 100,000 oz per annum over an initial seven year LOM, with material upside potential through further exploration drilling which is currently being planned.

During the quarter, construction at Kouroussa continued to advance, with over 820 construction and associated personnel on site. The project remains on time and budget to achieve first gold pour by the end of H1 2023.

Key updates include:

- Corica Mining Services has been awarded the Kouroussa mining contract in late September. Corica Mining has multiple contracts and operations with leading internationally recognised mining companies in West Africa, such as Barrick Gold, Perseus and Endeavour. With its experience, fleet, scale, equipment availability and team, we believe we are partnering with the right mining contractor as we move from the construction phase into the mining and operational stages at Kouroussa. Corica Mining is scheduled to deliver equipment and begin mining operations at Kouroussa in Q4 2022 to achieve the first gold pour target by the end of Q2 2023. Additionally, to assist in the funding of the project, Corica has agreed to defer US\$8m of costs incurred during the construction phase of the project, to be repaid over 24 months commencing from July 2023;
- Approximately 80% of the US\$115m Project budget has been committed, with over 75% of the procurement completed;
- Other key contracts are in the process of being finalised, including power (with IPP KOUROUSSA POWER PLANT SA ("PPS")), fuel (with Total Energies Marketing Guinée) and on schedule to meet the mining and processing plant commissioning requirements;
- Long lead items continue to arrive on site to be assembled in Q4 2022 including: vibrating grizzly feeder; jaw crusher; mineral sizer; compressors; interstage screens; SAG mill components; kiln; carbon plant and conveyor mechanical equipment amongst others;
- Increasing building and related infrastructure is being assembled including: mine camp accommodation and related buildings (offices, catering, gym and leisure areas); and processing plant buildings (administrative offices, plant store, plant work shop and medical offices);
- Processing plant areas under construction including: crushing; reclaim; milling; detox; reagents; air and water services;
- Tailings facility storage ("TSF") preparation continues to advance, and now we are through the wet season, expectations are that TSF preparation plans to accelerate in Q4 2022;
- Mining preparation has also commenced with grade control drilling on the key Kouroussa open pit deposit, Koekoe, in preparation for the imminent mobilisation of the mining contractor; and

- Operational readiness plans continue to be prepared with detailed implementation scheduled for Q4 2022 with the planned arrival on site in November of the newly appointed Kouroussa General Manager.

Community engagement continues to remain a key feature of all workstreams, with community projects and livelihood initiatives being implemented including: water supply infrastructure; market gardens; training initiatives; and community healthcare support.

Dugbe, Liberia

- Following the completion of earn in by our joint venture partner (Pasofino Gold Limited) the Company holds a 51% interest in Dugbe Project which recently delivered a Feasibility Study showing 2.76m ounces of reserves, a pre-tax NPV of US\$690M and an IRR of 26.35% at a base gold price of US\$1,700/oz
- As noted in our Q2 2022 release, the Company is currently conducting a strategic review of its options to best realise the maximum value of Dugbe for all stakeholders. This process is ongoing with our joint venture partner and we will update the market once more formal plans are confirmed

Financial Summary:

| | Unit | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 |
|--|--------|----------|----------|----------|----------|----------|----------|----------|
| Gold sales | oz | 22,019 | 24,790 | 22,255 | 18,489 | 15,179 | 20,490 | 16,917 |
| Avg. gold sale price | \$/oz | \$1,788 | \$1,802 | \$1,782 | \$1,782 | \$1,871 | \$1,851 | \$1,713 |
| Operating cash costs | \$'000 | \$31,588 | \$33,986 | \$33,472 | \$32,486 | \$32,177 | \$38,253 | \$36,179 |
| AISC on gold sold | \$/oz | \$1,494 | \$1,386 | \$1,520 | \$1,803 | \$2,235 | \$1,859 | \$2,161 |
| Net (debt) / cash | \$'m | \$0.5 | \$9.0 | (\$5.9) | (\$25.0) | (\$47.4) | (\$64.4) | (\$84.6) |
| Net (debt) / cash inc gold inventory value | \$'m | \$4.9 | \$12.4 | (\$1.0) | (\$21.0) | (\$42.4) | (\$60.1) | (\$81.0) |

- Q3 2022 AISC increased from Q2 2022 levels to US\$2,161 per oz, versus US\$1,859 per oz in Q2 2022. The increase being driven primarily due to a lower production rate QoQ and ongoing general high inflationary pressures
- Given the higher AISC recorded in Q3 2022 and as noted above, we have adjusted our full year AISC guidance to US\$1,600 - US\$1,800 per ounce (previously US\$1,300 - US\$1,450). Q4 2022 AISC is expected to be under US\$1,400 per ounce, with Yanfolila returning to being cash positive in the quarter
- The Company has agreed in principle its partner Coris Bank International regarding additional facilities of up to US\$35m to support the Group's liquidity whilst it brings the Kouroussa Project into production. This includes a one-year loan facility of CFA10bn (approximately US\$15m) which has already been made available on similar terms to existing facilities. The structure of the balance of \$20m is expected to be confirmed during the current quarter
- The Company has an excellent, longstanding relationship with Coris Bank International, having partnered together since the development of Yanfolila, and the Company is confident that the financing referred to above will be forthcoming on commercially acceptable terms. However, should the Q4 production underperform management expectations and in the unlikely event that either this funding is not agreed or if funding on commercially acceptable terms cannot be procured from an alternative third-party funder, the Company will have to take steps to preserve its cash resources, which may include delaying certain capital expenditure
- Net debt position c.US\$85 million end of Q3 2022 (c.US\$81 million including gold inventory value), with c.US\$37 million debt remaining available from Coris Bank International (including the \$20m balance of the facility currently being finalised) and is expected to be drawn during Q4 2022 for the Kouroussa construction purposes.
- Of the budgeted Kouroussa overall capex of c.US\$115 million, US\$20m is not expected to be paid until Kouroussa is in production due to contractor deferrals, retentions, incentives and working capital, US\$51m has been paid, with the balance of US\$44m to be funded from the facilities with Coris Bank International together with operating cashflows from Yanfolila.

ESG Q3 2022 updates include:

- We are in the final stages of our year 3 World Gold Council ("WGC") responsible gold mining principles ("RGMPs") external assurance audit. Our corporate, on-site ESG teams and external consultants are holding weekly meetings and consultations with the external auditors to finalise this process, expected this quarter

- Community engagement continues to remain a key feature of all workstreams, with community projects and livelihood initiatives being implemented including: water supply infrastructure; market gardens; training initiatives; and community healthcare support
- At Kouroussa we expect to be finalising the power contract soon with PSS, 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

****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). 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 or contact:

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