

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

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

**Q4 2019 Production Results and Operational Update**

Hummingbird (AIM:HUM) is pleased to announce preliminary production results for the fourth quarter ("Q4") and twelve months ended 31 December 2019 at its Yanfolila Gold Mine in Mali.

Hummingbird is pleased to announce that it has achieved its 2019 full-year production guidance of 110-125,000 ozs, having produced 115,649 ozs in the year.

**Yanfolila Operational Highlights**

- Production increase, and associated cost decrease, for the fourth consecutive quarter
- 33,892 ozs of gold poured in Q4 2019 (30,484 ozs in Q3 2019)
- US\$839/oz AISC in Q4 2019 (US\$849/oz AISC in Q3 2019)
- Average grade of 2.91 g/t in Q4 2019 (3.23 g/t in Q3 2019)
- 31,278 ozs of gold sold in Q4 2019 at an average price of US\$1,452/oz

**Corporate highlights at 31 December 2019**

- Cash of US\$9m (US\$16m at end of Q3 2019)
- 2,900 ozs of gold inventory on hand worth approx. US\$5m at current prices
- Bank debt of US\$40m at the end of the FY 2019, with US\$5m repaid in the quarter (US\$45m at end of Q3 2019) in line with deleveraging plan

**Outlook**

- 2020 guidance is to be set later this month alongside the release of the updated rolling mine plan incorporating the new open pit reserves
- Targeting net cash position in H2 2020
- Debt free by the end H1 2021

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

"I am pleased to report another quarter of improved operational performance with both production increasing and AISC decreasing for the fourth consecutive quarter, resulting in the Company achieving mid guidance for full-year production. After the well documented challenges earlier in the year this is a considerable achievement and I am extremely proud of the team for the way they have delivered on the production plan, ending the year on a high.

We continue to focus on financial discipline to further improve cash flow generation and strengthen the balance sheet. We will continue to deleverage aggressively, paying down our outstanding debt and target a position of net cash in H2 2020, as we continue our focus on increasing shareholder value.

We are positive in our outlook for 2020 and look forward to releasing our 2020 guidance with an updated rolling mine plan incorporating the new open pit reserves. We will also add further detail on our plan to develop the considerable opportunities within the Yanfolila licenses via targeted exploration and developing underground studies."

#### **Yanfolila Gold Mine**

	<b>Q4 2019</b>	Q3 2019	Q2 2019	Q1 2019	<b>FY 2019</b>	FY 2018
Gold poured (Ounces)	<b>33,892</b>	30,484	27,466	23,807	<b>115,649</b>	91,620
Ore mined (Tonnes)	<b>680,178</b>	400,823	390,552	262,317	<b>1,733,870</b>	1,130,990
Ore processed (Tonnes)	<b>367,788</b>	308,269	296,264	281,337	<b>1,253,658</b>	1,092,485
Avg. grade mill feed (g/t)	<b>2.91</b>	3.23	2.86	2.46	<b>2.88</b>	2.77
Recovery (%)	<b>93.10</b>	93.48	94.23	93.88	<b>93.67</b>	95.48
Gold sales (Ounces)	<b>31,278</b>	30,373	27,701	23,333	<b>112,686</b>	91,546
AISC (US\$/oz)	<b>839</b>	849	998	1,297	<b>976</b>	1,087
Average gold sale price (US\$/oz)	<b>1,452</b>	1,422	1,311	1,296	<b>1,376</b>	1,271

The Company met full-year guidance with 115,649 ounces poured. The Company delivered its strongest operational quarter to date, enabling both production to increase and associated costs to decrease for the fourth consecutive quarter.

#### **Debt repayment and financial discipline**

The Company had US\$40m debt outstanding to Coris Bank at the end of Q4 2019, reduced from US\$45m at end of Q3 2019. The debt is being repaid on a 'straight line' basis delivering a swift deleveraging for the Company. All bank debt is due to be fully

repaid by the end of H1 2021. In addition, the Company has continued to strengthen its balance sheet including reducing trade and other payables.

## Safety

Providing a safe working environment for all our employees, consultants and contractors remains at the heart of our operations. Having improved our safety records throughout 2019 we now strive to continue this trend.

<i>Measure</i>	<i>Q1 2019</i>	<i>Q2 2019</i>	<i>Q3 2019</i>	<i>Q4 2019</i>
<i>3-month average LTIFR</i>	2.52	1.24	0	1.25
<i>Project average LTIFR</i>	2.60	2.43	1.23	1.25

*All safety frequency rates are reported per 1,000,000 hours*

## Community Development

Hummingbird continues to support a wide range of community development projects, and notable developments in the quarter include:

- Construction of 22 latrines in the communities as part of our sanitation projects.
- Arranged for a micro-finance company (Nyessiguiso) to open in the community in order to promote savings and giving out small loans for the population in order to carry out small projects
- Six water boreholes equipped with storage facilities in the villages of Bandiougoufara, Fougatie, Kona, Kabaya, and Soloba
- Four new market garden installations in Soloba, Bandiougoufara, Kona, and Fougatie.
- Construction of soap production facilities in the village of Donsosso
- First honey harvested from 10 Kenyan hives installed earlier in the year, assisted by representatives of the Beekeepers' Association of Mali with whom a partnership has been established
- Poultry project increasing productivity with 4,000kg of chicken meat sold

## Gold sales and pricing strategy

The Company remains committed to operating as an unhedged gold producer. However, as a single asset producer with approximately US\$30m of debt scheduled for repayment in the next 12 months, a significant fall in the gold price could materially impact the Group's ability to service debt and meet operating costs. Accordingly, the Group has sought to insure against this risk by investing in low cost put options at a strike price of US\$1,350 per ounce over 60,000 ounces of gold in H1 2020, to effectively place a floor on the gold price without capping the exposure to the upside.

All the gold dore produced from the Yanfolila mine is sold by the Company's subsidiary Societe Des Mines De Komana SA ("SMK") on an arms-length basis to Auramet International (<https://auramet.com/>), who manage the gold sales process. Sales prices are typically confirmed in advance of each regular shipment to reduce the

exposure to short term volatility in the gold price. The gold dore is sold at a discount to the refined gold price which approximates to the refining and transport costs that are borne by Auramet International.

As part of the SMO gold initiative (<https://singlemineorigin.com/>), a small proportion of the gold produced from the Yanfolila mine and sold to Auramet is purchased from Auramet, once refined at market prices by Hummingbird. This segregated SMO gold is then sold to Stephen Betts and Sons Limited either in the form of gold grain or investment coins at an additional premium releasing extra value for Hummingbird. From Stephen Betts and Sons Limited it is sold on to third party customers (for example the 1 oz Hummingbird gold coin is available at (<https://bettsinvestments.co.uk/product/1oz-hummingbird/>) and Boodles (<https://www.boodles.com/corporate-responsibility/single-mine-origin-gold/>)).

### **Dugbe Gold Project**

As previously announced, Hummingbird has continued to explore numerous avenues in order to progress the exploration and development potential of the Dugbe Gold Project in Liberia. We are pleased to announce that, as part of this process, Hummingbird has signed a non-binding memorandum of understanding with ARX Resources Limited ("ARX"), a BVI incorporated company, whereby, subject to certain conditions precedent, ARX will acquire the Dugbe project and commit at least US\$30m for further exploration to increase the already substantial (4.2m oz, independently verified according to the CIM Code) gold inventory and complete a Feasibility Study on the Project. The 2013 PEA showed an NPV10 (post tax) of US\$337 million at a US\$1,500 gold price and a resource estimate that the management of ARX strongly believe they can materially improve upon.

The conditions precedent include but are not limited to the satisfaction of all legal, government and regulatory approvals; the approval of both Boards; the availability of at least US\$30m of liquid finance; an approved management team with the requisite skills and experience to develop the project and satisfactory shareholder protections, including various anti-dilutionary rights for Hummingbird. As part of this deal, Hummingbird expects to become a significant shareholder in ARX, have Board representation and assist with the development and execution of all operating plans. Further updates will be forthcoming if the ARX deal progresses to a binding nature, of which there is no current certainty.

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

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

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#### **Notes to Editors:**

*Hummingbird Resources (AIM: HUM) is a leading gold production, development and exploration company. The Company has two core gold projects, the Yanfolila Gold Mine in Mali and the Dugbe Gold Project in Liberia. Yanfolila produced its first gold pour on time and budget in December 2017. At 31 October 2019 Yanfolila has a 7.9Mt of Reserve ore @ 2.66 g/t for 676,000ozs gold. At 31 March 2019 Yanfolila had a total Resource base (inclusive of Reserves) of 28Mt of Ore @ 2.23 g/t for 2,005,300ozs gold. The Dugbe Gold Project has Resources currently totaling 4.2Moz of gold and a completed NI 43-101 compliant PEA on the project showing a 43% IRR and US\$337m NPV at a US\$1,500 gold price.*

*In addition to Hummingbird's production and development assets, the Company also has an exploration footprint of ~4,000km<sup>2</sup> and a significant shareholder in AIM listed Cora Gold, which is advancing a portfolio of prospects in Mali and Senegal.*

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