



## Annual Report 2012



**“Gold things come to those who wait”**

**Basil De Tent**

<b>Hummingbird Overview</b>	<b>3</b>
Opening Highlights	4
Chairman's Statement	6
CEO's Statement	10
Board of Directors	18
<b>Technical &amp; Operational Review</b>	<b>21</b>
Technical Summary	22
Core Values	46
Operational Summary	47
Corporate Social Responsibility	49
Pygmy Hippo Foundation	54
Liberia	57
<b>Financial Statements</b>	<b>61</b>
Directors' Report	63
Corporate Governance Report	64
Directors' Responsibilities Statement	68
Independent Auditor's Report	69
Consolidated Income Statement	71
Consolidated Statement of Comprehensive Income	72
Consolidated Balance Sheet	73
Consolidated Statement of Cash Flows	74
Consolidated Statement of Changes in Equity	75
Notes to the Consolidated Financial Statements	76
Company Balance Sheet	96
Company Statement of Cash Flows	97
Company Statement of Changes in Equity	98
Notes to the Company Financial Statements	99



An aerial photograph of a village with several buildings and a dirt road, set against a backdrop of dense green forest. The right side of the image is overlaid with a dark blue gradient. The title 'Hummingbird Overview' is written in white text on this blue background.

# Hummingbird Overview

Operating Highlights  
Chairman's Statement  
CEO's Statement  
Board of Directors



**0oz**  
May 2010



**812,000oz**  
December 2010



**1,765,000oz**  
September 2011



**3,817,000oz**  
February 2012



## Financials



Year end cash balance:  
US\$15.5 million

August 2012: IFC  
proposed investment of  
US\$5 million, their first  
investment in the mining  
sector in Liberia

# Opening Highlights

Discovering, proving and developing  
world class mineral deposits in Liberia

## Development



“Dugbe 1” Project area defined

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July 2012: appointment of Dr Julian Barnes as consultant Head of Project Development and augmentation of Hummingbird’s technical team with significant development skills

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Work underway to produce a Preliminary Economic Assessment (“PEA”) on the Dugbe 1 Project during 2012

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## Exploration



Total Resource increased to 3,817,000 oz gold including:

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Sept 2011: Dugbe F Resource upgraded to 1,765,000 oz gold (1.4 Moz Indicated, 0.4 Moz Inferred)

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Feb 2012: Tuzon Maiden Resource of 2,052,000 oz gold announced (all Inferred)

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July 2012: Sackor gold discovery from diamond core drill results (resource modeling in progress)

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July 2012: Tiehnpo and Nemo Creek gold-in-soil discoveries – largest to date

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## Liberia



Re-election of President Ellen Johnson Sirleaf for a second six year term

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The mining sector increased its share of the country’s GDP to 6.6%, up from 1.1% in 2010

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Three operating deep-water ports, new roads and railways currently being built. World Bank invested US\$250 million into the country in 2011

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September 2011, ArcelorMittal began mining, processing and shipping iron ore from the Nimba project

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# Chairman's Statement



## Strategy

On behalf of the Board of Directors, I am pleased to present Hummingbird Resources plc's Annual Report for the year ended 31 May 2012. This year marks the Company's first full year of trading as a public company.

It has been a fascinating and exciting year which has seen great developments and change across the entire landscape in which our business operates. Geologically, Hummingbird has again made staggering progress. Politically, the re-election of President Ellen Johnson-Sirleaf for a second term is testament to the success of and support for the democratic programme she initiated in her first term. The election was regarded as free and fair by every international watchdog. Financially, the world has continued upon its downward trajectory of spiralling uncertainty, causing Hummingbird (and every other mining company on the planet) much food for thought!

## Technical Progress

At the time of going to press last year, (so during this financial year) we had just announced the doubling of our Maiden Resource, discovered just prior to IPO at the Dugbe F deposit, to 1,765,000 Moz of gold. In February of this year we more than doubled the project's Resource base again to 3,817,000 Moz, with the announcement of a Maiden Resource at Tuzon only 2.5km east of Dugbe F. As you can see from the graph opposite, this rate of growth gives Hummingbird the fastest growing Resource amongst its peers during the year. This gold was added at an all-inclusive discovery cost of US\$6/oz, which also makes Hummingbird one of the most cost effective and value for money explorers globally over the last year.

Furthermore, during the year Hummingbird has undertaken a significant amount of regional target generation through exploration work that has resulted in some 30,000 geo-chemical soil samples being taken across our Dugbe Shear Zone and regional licences. To put this in context, in five years prior to IPO the company took a total of 36,000 samples.

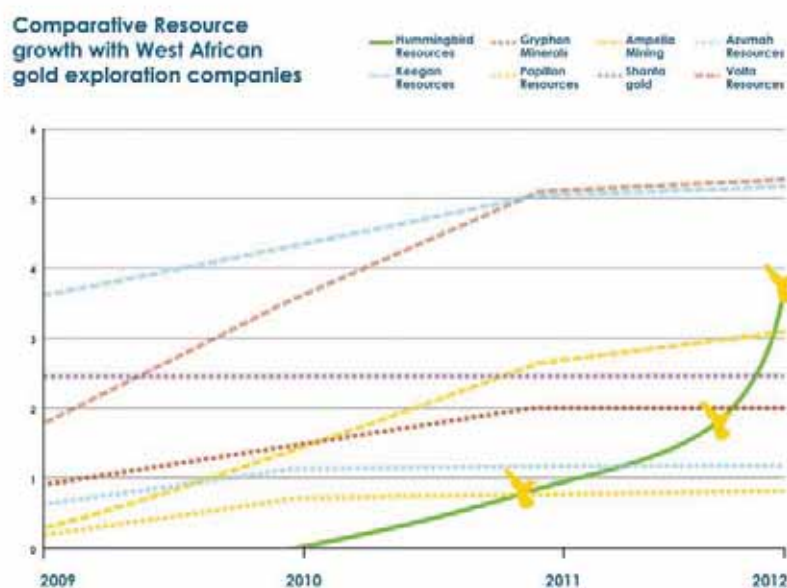
This mountain of work has resulted in the identification of a large number of additional targets which we believe prove that Hummingbird has under its control a significant new gold district with the potential to host multiple gold mines. At the top of this project pyramid our third discovery, Sackor, was drilled during Q4 of this financial year. Any gold discovered at Sackor will fall into the same conceptual mine development area as the Dugbe F and Tuzon Resources.





This success has brought with it a number of welcome challenges, namely being how do we capitalise on this vast opportunity in a focused manner?

Our solution is two-fold. First and foremost we have committed to the evaluation of 'The Dugbe 1 Project' with the aim to prove that these ounces are not only economic but could be highly profitable. Secondly, we will continue to explore and develop our pipeline of significant targets and continue to add ounces to our inventory.



In the Dugbe Shear Zone we are confident that we have a robust, economic gold mine in the making at Dugbe 1 and that further afield along the shear zone there is significant potential for further mines.

We will continue to explore the rest of our land package outside of the Dugbe Shear Zone, whilst maintaining an open mind to opportunities to create meaningful shareholder value from these licences via potential deals that will enable us to focus our energies on the expanding opportunities across the Dugbe Shear Zone.

At Mount Ginka, our joint venture iron ore project in Nimba County, we will be looking at ways to monetise the asset during the coming year.



## Political Developments

As mentioned briefly on the previous page, the political environment in Liberia is developing at a rapid pace and the re-election of Ellen Johnson-Sirleaf should be seen as a sure sign that the democratic process in the country is working well. Liberia is making good progress by all measures of economic growth and is proving to be highly successful at encouraging foreign direct investment. We are proud that Hummingbird has been able to play its part in this process by securing the International Finance Corporation ("IFC" - part of the World Bank Group) proposing their first investment into the mining sector in Liberia. This is a ringing endorsement of the country's improving investment climate, and of the Company's prospects. Many major resource companies operate in the country and the Liberian government remains committed to the development of the extractive industries. In Hummingbird we have the potential to build one of, if not the first, hard rock gold mine in the country. This would be a significant milestone for the country and one that Liberia is determined to support during this Presidential term.

## The Global Market

Hummingbird has seen a great number of successes this year, from a large increase in its Resource base to early stage discoveries with huge potential, and this has added significant value to the business. However, the global economic climate has not realistically reflected that value. The tide has gone against pretty much all companies in the resource space and we have suffered the same fate as many others.

Gold remained relatively level over the last 12 months but still remains strong. With so many uncertainties across the global markets there are very few who would bet against gold not rising over the coming year. Indeed, gold seems currently range bound, due mainly to political rather than supply-demand factors, and until such time as there is a clearer direction for financial markets we should anticipate continued volatility in the gold market. However, because people are losing faith in fiat currencies, they are seeking better stores of value in a yield-hungry world, and because of man's thirst for gold over many millennia, I would argue the case for gold maintaining a "stronger for longer" scenario rather than a weakening one. For a company such as Hummingbird that has a growing asset base this can only be a positive development.



## The Coming Year

So, as the outlook for the world in terms of the financial markets in the year ahead looks as uncertain as I can remember, and the divergence between gold stocks and underlying commodity prices is as dislocated as at any time in living memory. What does this mean for Hummingbird and our shareholders?

On a 24-36 month view our strategy is to take the Dugbe 1 Project to Definitive Feasibility Study and to begin developing the mine. We have already commenced, and are encouraged by several technical studies, to determine the most cost effective way to mine, process and deliver a highly profitable project.

In addition, we will continue with a regional exploration programme to identify a new, additional maiden resource which will conclusively confirm that Hummingbird controls an area with the potential to deliver multiple mines. It is also our intention to seek innovative ways to finance both the evaluation and development of the mine in the shortest period possible.

In conclusion I would like to note that I signed off last year's Annual Report with the comment, "whilst markets may fluctuate, I urge you to retain your perspective and see this journey through as I believe we are set for great things". Well, I can only repeat the same remarks but with a greater degree of certainty in the value of Hummingbird's underlying assets and its fantastic ability to deliver. Thank you for your support as shareholders and I'm sure you will join me in acknowledging the contribution made by my fellow non-executive board members, Dan and his management team and the Liberian based field staff for their tireless work.

We can look forward with confidence to an exciting 2013.

A handwritten signature in blue ink, appearing to read 'I. Cockerill'.

Ian Cockerill  
Chairman



# CEO's Statement



At our IPO in December 2010 we had a proven 812,000 oz gold Resource and a belief in our capacity to deliver further significant Resources. During the following 16 months, to the end of this financial year, Hummingbird doubled that Maiden Resource, then doubled it again. This is a fantastic achievement by any standard.

Hummingbird's current Resource of 3.8 Moz gold is all within a single project, it all lies at or near surface and has been discovered at a staggeringly low cost. Furthermore, we have a swelling pipeline of targets which has expanded significantly during the last year and which puts us in a stronger position than ever. Hummingbird is no longer an explorer with a promise, it is a company with one of the most significant gold discoveries on the whole African continent, forging the way not just to a mine, but to a whole new mining district.

Despite the weak financial markets, we are confident that if we remain focused on our goal of discovering, proving and developing a gold mining industry in eastern Liberia, then the value of the business will eventually be recognised.

I am extremely proud of the dedication and talent of the entire Hummingbird team - a team that has expanded significantly during the last year and which is now fully equipped with the necessary skills for our next stage of development.

Hummingbird's job is to deliver on our long-term strategic goals.

## Strategy

Our promises at IPO can be distilled into the following two-year mission:

1. To prove that our Maiden Resource had significant potential for growth
2. To develop the regional capacity of our licence package over the Dugbe Shear Zone to show that it has the potential to host multiple gold mines
3. To fly an aeromagnetic survey over our Mt Ginka iron ore licence, and accelerate field work in order to gauge the scale and the potential to produce a saleable concentrate from this project
4. To continue systematic exploration over all of our other licences and thereby move them up the value curve

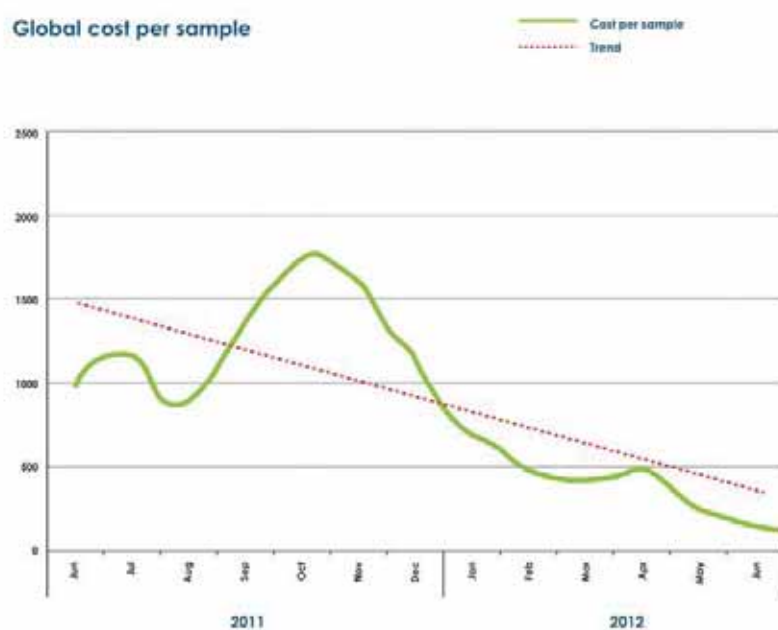


20 months on, we are proud that we have more than fulfilled these promises:

Put simply, this year we have taken US\$17 million and turned it into additional gold resources of over 3 Moz. I believe this fact goes a long way to satisfying our first objective!

- Our current global Resource stands at 3.8 Moz gold
- All our current gold Resource lies within two deposits within the radius of one future mining operation
- We have made a third discovery with positive drill intersections at our 'Sackor' target
- Resource optimisation to minimise our capital expenditure ("capex") and maximise our internal rate of return ("IRR") is being undertaken by the newly assembled development team

Hummingbird's achievements during the last year go much further than the Resource growth. It is in the on-going background exploration where significant additional value can be created and this year alone we have taken over 30,000 geo-chemical samples, continuously generating targets, and we have drilled just under 28,000 metres of diamond core.



The above graph shows how the Hummingbird team have continued to make improvements to their in-country operations and driven down the cost of sampling.

Along the Dugbe Shear Zone we have identified three major new targets in North West Joe Village, Tiehnpo and Nemo Creek. These targets are all currently being trenched and could be drill ready by early next year. As you can see from the map on page 16 these targets are each of a scale equal to the Dugbe 1 Project area.



Away from gold, on our joint venture iron ore project at Mt Ginka we completed a helicopter-borne aeromagnetic survey. A total of 1,650 line kilometres were flown over at 50m spacings and at an altitude of 30 to 40m. The detailed interpretation shows significant, strike-continuous zones and a strong magnetic response. We drilled 1,058m over 6 holes and conducted a number of metallurgical test work programmes which concluded that we can make a saleable concentrate from the Mt Ginka ore. This satisfies our third objective and we will be looking to capitalise on this progress during the coming year.

So, what next for Hummingbird, and how does this success translate into tangible value for our shareholders? With such a significant discovery, reality bites very quickly, and overnight people begin to ask questions beyond "how much more gold are you going to find?" Gold is only worth discovering if it can be held to account by the construction of a profitable mine, and as soon as a significant resource is announced, the market seeks to wrap economics around the discovery in order to see how the potential mine 'ranks' in the global order. This is entirely understandable, but the truth is that concrete answers to these questions lie in the results of technical studies which take both time and detailed analysis in order to maximise the potential economics of the mine.

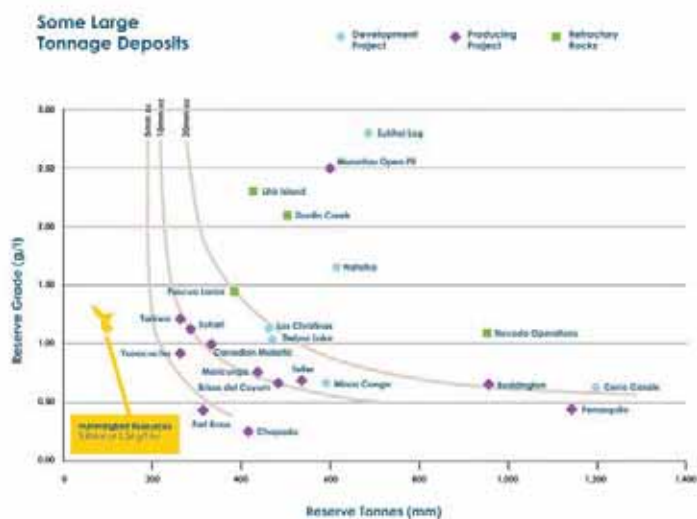
These studies are well advanced and Hummingbird will soon be in a position to release the results of this work. This should be a crucial step towards proving the robust nature of our project, and above all I am confident that this work is being conducted by an absolutely first class team. It is no small feat to have assembled such a set of skills in such a short time. Whilst the results will shortly be forthcoming, I would like to take this opportunity to address the two areas of our project which seem to have raised the most questions:

## Grade

As can be seen from the graph opposite, Dugbe 1 is absolutely consistent with a realistic peer group of bulk tonnage open cast mines around the world. In fact, in a recent study of 409 of the world's gold deposits of more than 1 Moz, the average grade of production was 1.06 g/t (almost 30% below our maiden grade) and the average grade of all deposits (including those that are not yet producing) was 0.66 g/t (50% below our grade). Moreover, grade should not be seen in isolation but as one element in complex equation.

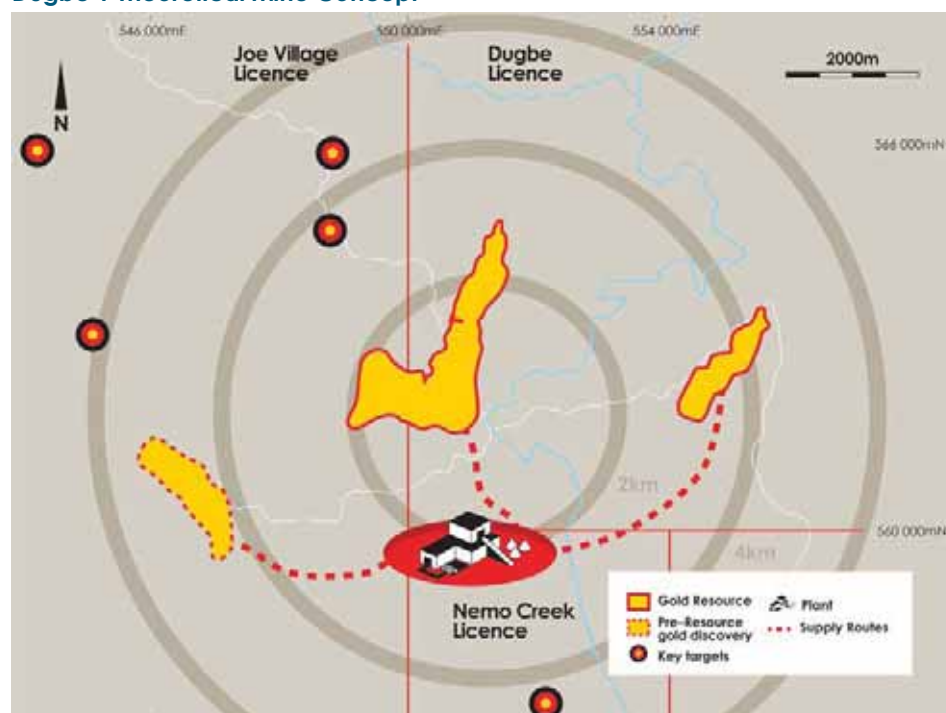
The other two key elements to that equation are the cost of extracting the ore from the earth (determined largely by the strip ratio) and the cost of extracting the gold from the ore (the processing costs, determined largely by the metallurgical complexity of the ore body). At Dugbe 1 we have a near surface, shallow dipping ore body indicating that a low strip ratio is likely. Preliminary metallurgical test work has given excellent recoveries of up to 93%.

It is our belief that the key to building a mine with a robust IRR and low capex actually lies within the existing Resource. We are currently building our case to support this thesis and to determine the most efficient, cost effective and profitable way to bring this gold to account by focusing on the elements of this equation where our hand is the strongest.



In order to optimise the potential process flow sheet and project economics of the Dugbe 1 Project, Hummingbird has been building its technical capacity and I am delighted that Dr Julian Barnes has joined the Company as Head of Project Development as a consultant. Julian's experience is second-to-none, and includes over 15 years in West Africa. He co-founded the Resource Service Group ("RSG"), was Executive Vice President of Dundee Precious Metals Inc, and is currently a director of Serbia-focused Avala Resources Ltd. We have also been able to attract additional world class talent with skills in the various disciplines of mine evaluation and development to make this project a reality, and it is a privilege to be working with them at Hummingbird.

### Dugbe 1 Theoretical Mine Concept





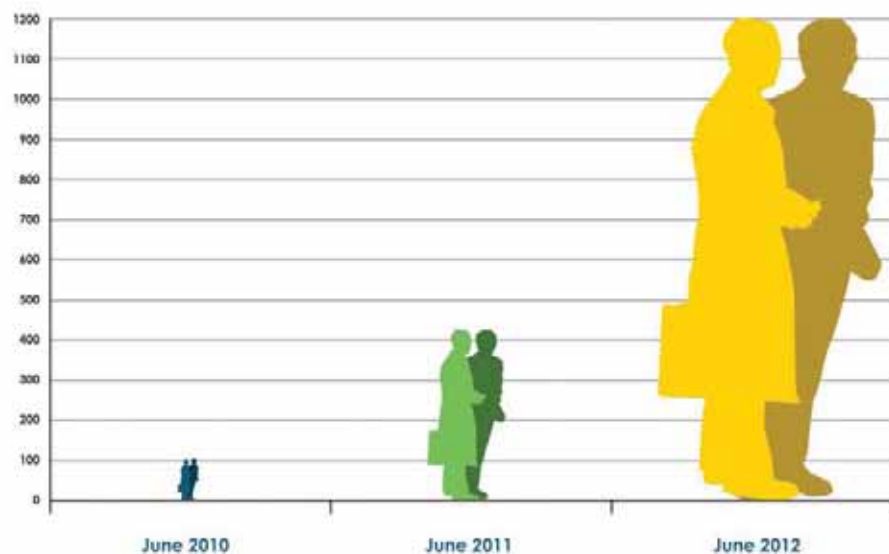
## Financial Risk

We are sometimes asked how we intend to fund the definitive studies on the Dugbe 1 Project and then to build a mine in such difficult capital markets without the cash flow to insulate ourselves. The perception of financial need can cause the market to shy away from your stock and I am sure this has been the case to a degree with Hummingbird during 2012. We have found an impressive Resource, so the assumption is that we will need an impressive amount of money to develop it.

The potential investment from the IFC is very exciting as it would be their first investment in the mining sector in Liberia. This gives Hummingbird a resounding political and technical endorsement from a globally recognised and respected AAA rated financial institution. The premium to the market price would be the largest that we are aware of in the junior gold space and the dilution has been limited to protect shareholder value as much as possible. It is our intention to source what further capital we may need to deliver the Definitive Feasibility Study ("DFS") on the Dugbe 1 Project and further exploration through non-equity based transactions in order to minimise dilution wherever possible. This is especially important in the current economic climate where the Board sees a stark discrepancy between the value of the underlying business and the cost of issuing equity in the capital markets.

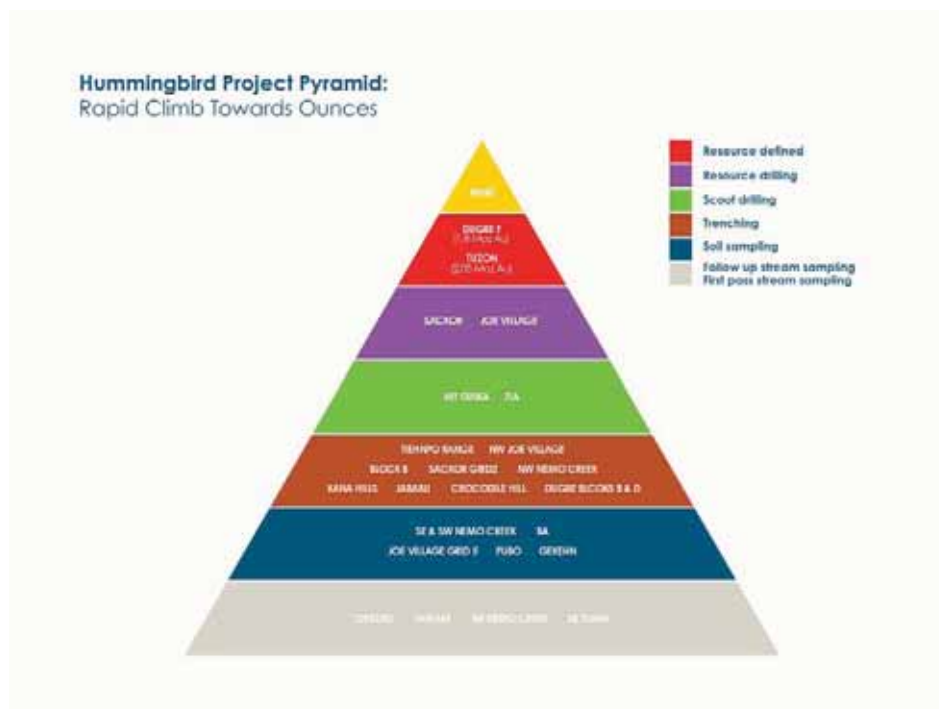
Opposite, Hummingbird's project pyramid clearly illustrates how many prospects we have and how they are progressing up the exploration pipeline.

Away from the field operations, in 12 months we have significantly increased the number of HUM shareholders, increasing the base to nearly 1,200. We have also grown our retail exposure to provide the company with a stronger shareholder platform in the long term.



This growth has not yet translated into more volume and stability in the market, but market conditions are anomalous and this storm needs to be seen out before the true value of this increased shareholder base can be realised.





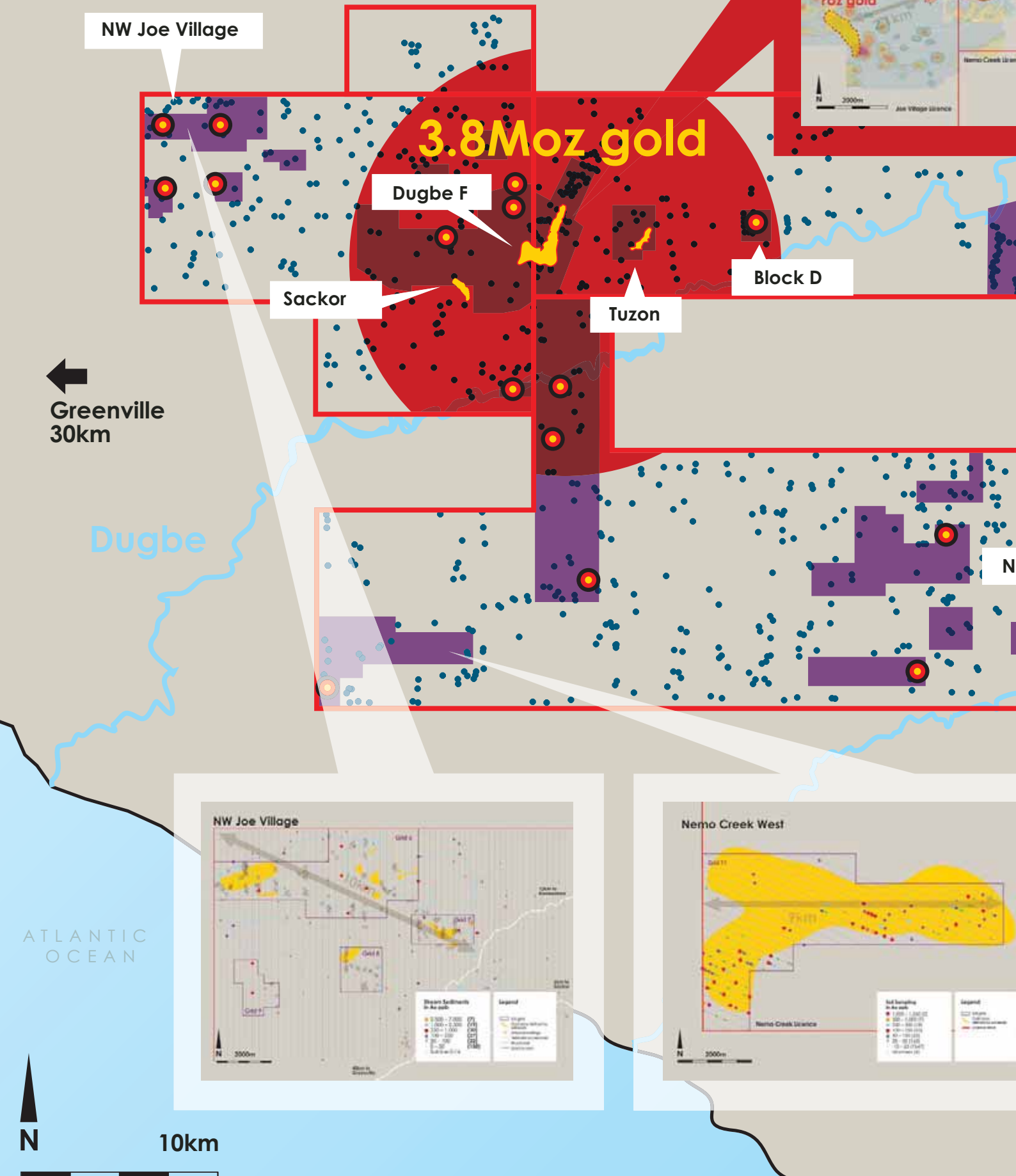
## Looking Forward

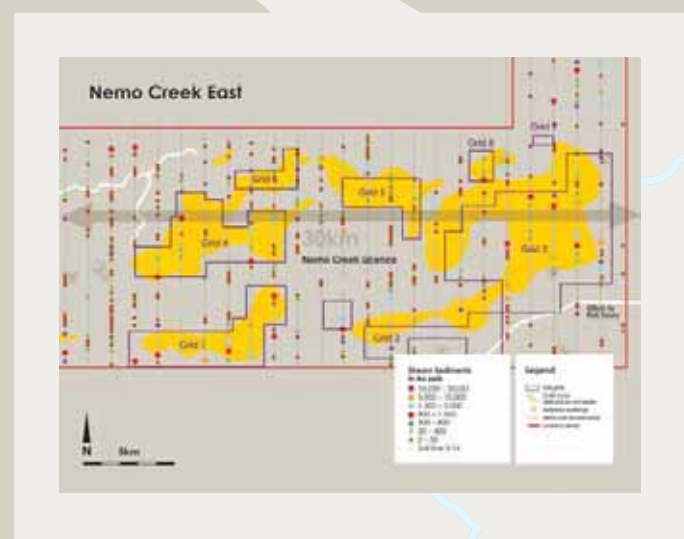
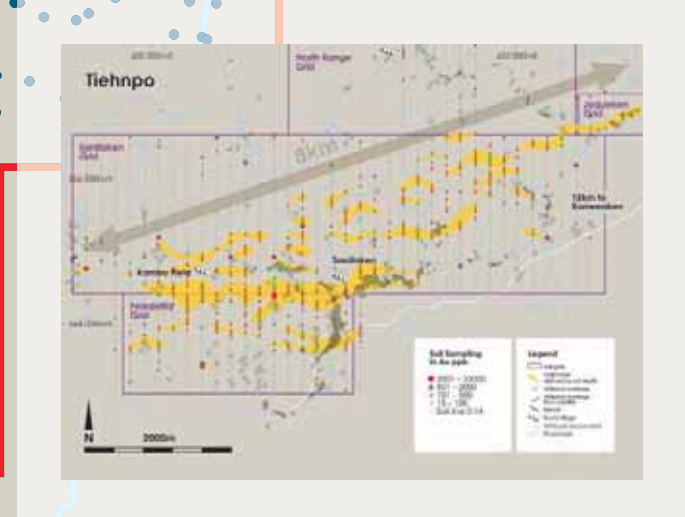
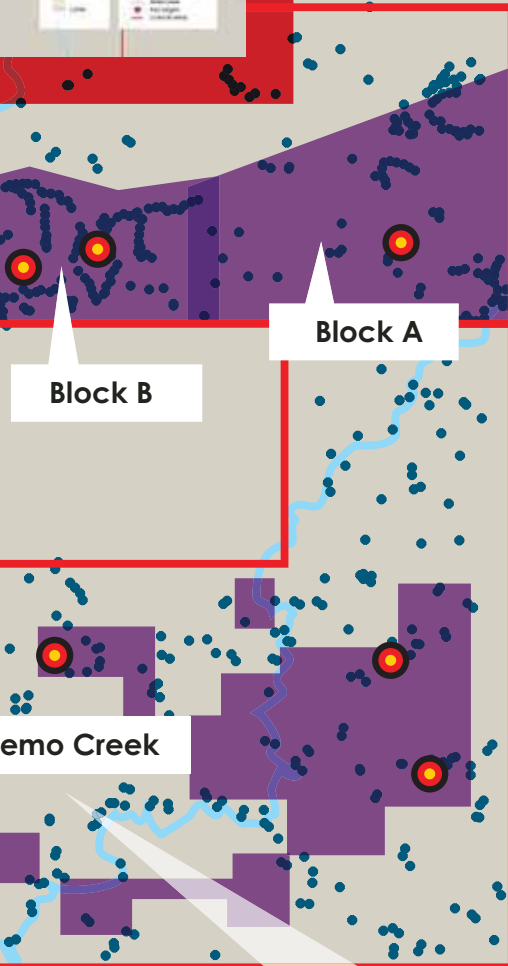
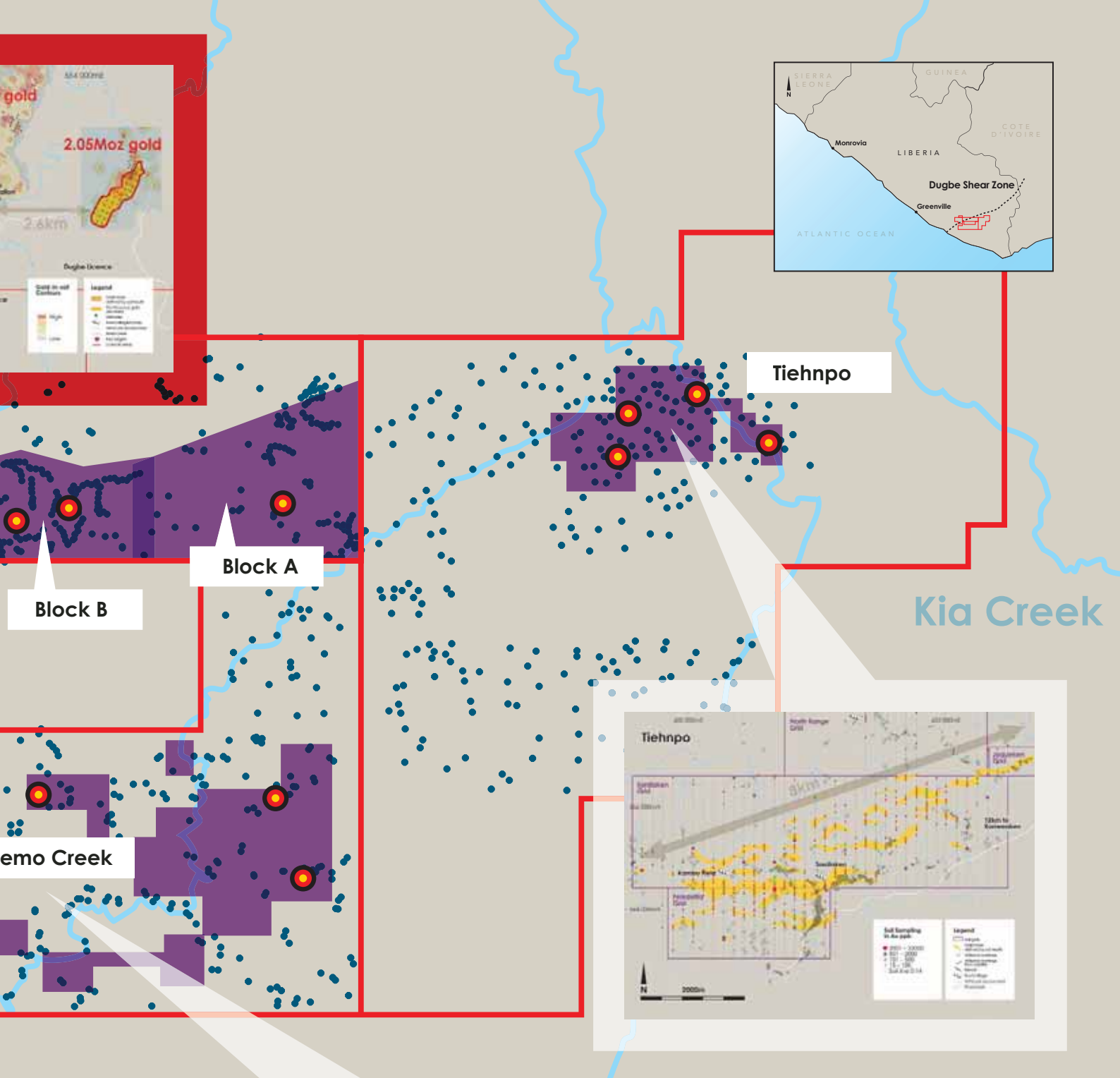
Our strategy this year is clear. It is to prove beyond doubt that the Dugbe 1 Project is a competitive, robust, viable gold mine and that there is significant Resource growth potential within that project itself. We will rapidly progress the development of this project through the various feasibility studies that will result from our PEA, and this will include an infill drill program to raise the categorisation of our Resource. We will also continue our systematic exploration of The Dugbe Shear Zone with the aim of developing our Resource bank and becoming the industry leader amongst African explorers. We have the skills, we have the targets and we have the operational platform to do just that.

Capital market performance aside, Hummingbird Resources has flourished in the last year. The development of the core business, its team and its asset base has progressed rapidly and prepared the Company well to make the transition from explorer to developer. That said, as we naturally shift the focus to adapt to the business of mine development, we intend to maintain both the spirit of, and capacity for exploration. Hummingbird's portfolio has exceptional exploration potential and we will continue to utilise the skills of our exploration team to find further targets and resources within our tenements. 2011-12 has been a very exciting time for Hummingbird and it has brought us to a privileged position. We believe we are now on the brink of building one of the first gold mines in Liberia.

Daniel Betts  
Chief Executive Officer

# The Dugbe Shear Zone





**Legend:**

- Gold Resource
- Pre-Resource gold discovery
- Dugbe 1 Project Area
- Key targets
- Soil grids
- Stream sediment sample sites
- Licence areas
- River/creek

Grand Cess



# Board of Directors



## **Ian David Cockerill**

### **Non-Executive Chairman**

Ian is the ex-CEO of Gold Fields Ltd and Anglo Coal Ltd. He is the former executive officer of Business Development and African Operations at AngloGold Ltd. In 2002 Ian was appointed chief executive officer of Gold Fields Ltd. Ian joined Anglo Coal Ltd in 2008 as chief executive officer. Ian is now the executive chairman of Petmin Ltd, a JSE and AIM quoted natural resource company, non-executive director of Orica Ltd in Australia and advisor to several other companies in the mining industry. He has over thirty years' mining experience in exploration and mining. Ian is chairman of the LCA (Leadership for Conservation in Africa). Their vision is to save 20 million hectares of rainforest in Africa by 2020.



## **Daniel Edward Betts**

### **Chief Executive Officer**

Daniel co-founded Hummingbird in November 2005. After graduating from Nottingham University he worked for Accenture Management Consultants until he joined the Betts family business in 2000. Founded in 1760, the family business is the oldest privately owned gold bullion smelters and refiners in the country, and it has a long history of trading across the world and dealing in all areas of the precious metal industry. Whilst working for the Betts family business Daniel established a number of natural resource based businesses in Uganda, Namibia, Sierra Leone, Mauritania and Peru, before starting Hummingbird Resources in 2005.



## **William Benjamin Thurston Cook**

### **Operations Director**

William is a former officer of the British Army having served in the Light Infantry. Following his army service he worked in the security sector for many years, for companies such as Control Risks, Rubicon and Salamanca Risk Management before joining Hummingbird Resources as Country Manager. William is experienced in the operational and logistical management of projects in challenging environments. In his capacity as Operations Director he has been responsible for the establishment and ongoing running and development of all of Hummingbird's operational capability in Liberia.



## **David Almgren Pelham**

### **Technical Director**

David is a mineral geologist with thirty years global exploration experience. He has worked with a number of mining and exploration companies such as Placer Dome Inc, Outkumpu Mining and AMAX Exploration. Dave has broad experience in the exploration and assessment of gold deposits, including all major gold deposit types, as well as in the exploration and assessment of deposits of gemstones, major base metals and energy minerals, with a major focus on Africa. He is credited with the discovery of the Chirano 5-6m ounce gold mine in Ghana.



### **Thomas Rowland Hill**

#### **Finance Director**

Thomas joined the Company as Chief Financial Officer in September 2010 and was appointed as Finance Director in July 2012. Prior to this Thomas was a senior manager within BDO LLP's natural resources department, where he worked extensively with quoted mining and exploration companies and was involved with numerous flotations and other corporate transactions. He has a metallurgy, economics and management degree from Trinity College, Oxford and qualified as a chartered accountant in 2001.



### **Matthew Charles Idiens**

#### **Non-Executive Director**

Matthew co-founded Hummingbird in November 2005 and he has 21 years' experience in natural resource companies. He is a founder and Director of AIM quoted VANE Minerals plc and also founder and director of Seamwell International Ltd, a private company developing underground coal gasification (UCG) projects in China. From 1995 to 2001 he worked as an associate director at Laing and Cruickshank Investment Management, part of the Credit Lyonnais Group.



### **Roderick James Hollas Smith**

#### **Non-Executive Director**

Roderick, a Chartered Accountant with a Commerce Degree from the University of Western Australia, has 30 years' experience leading Australian resource projects from the early-stage exploration through to production, including three gold mines: Great Victoria, Palm Springs and Youanmi. He has been resident in the UK for three years and has consulted miners and investors on resource projects throughout Russia and Africa. He is currently a director of Congo Brazzaville explorer, Cominco SA.



### **Stephen Alexander Betts**

#### **Non-Executive Director**

Stephen co-founded the Company in November 2005. He has over 40 years' experience in trading with gold and related businesses in developing countries, having established several businesses in West Africa during his career. He is the Chairman of the Stephen Betts group of companies. The family business has over 250 years' history in smelting, refining and bullion dealing.





# Technical & Operational Overview

Technical Summary  
Core Values  
Operational Summary  
Corporate Social Responsibility  
Pygmy Hippo Foundation  
Liberia



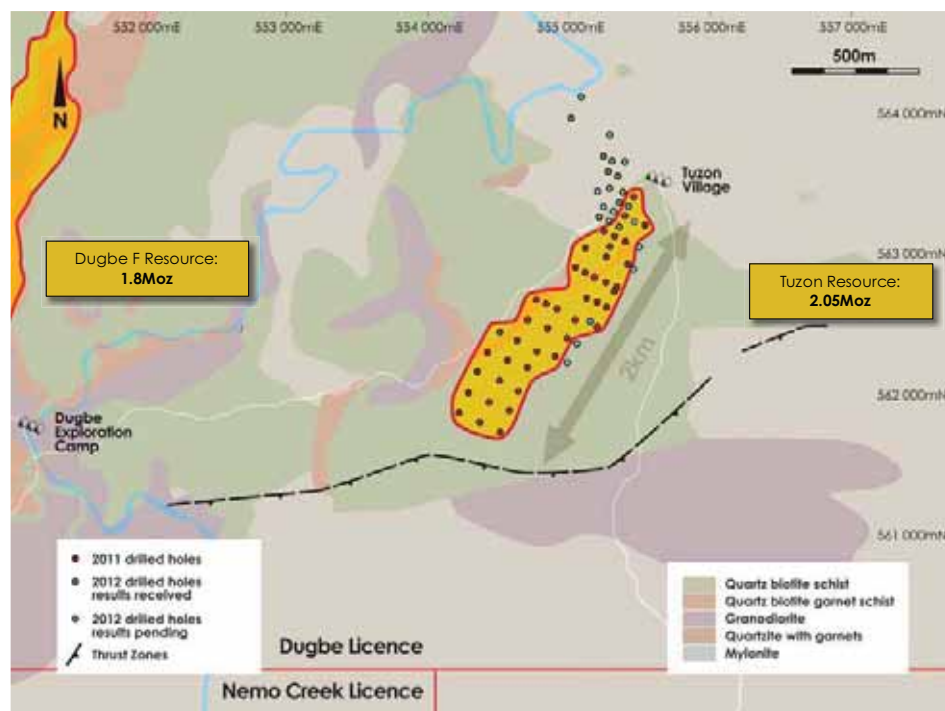
# Technical Summary

## Highlights

In September 2011 the Dugbe F Resource was increased to a NI43-101 compliant Resource of 1.765 Moz gold at 1.3 g/t, of which 1.4 Moz (80%) are in the Indicated category at 1.3 g/t and 0.4 Moz are in the Inferred category at 1.2g/t. This Resource is contained within 43 million tonnes of ore.

In February 2012 Hummingbird announced a new maiden Resource of 2.05 Moz at Tuzon, situated only 2.5km east of the Dugbe F deposit. Tuzon was discovered at the beginning of 2011 from satellite imagery of old alluvial workings. It was soil sampled and trenched in mid 2011. In Q4 2011 a 9,700m drill programme revealed a stacked mineralised system that remained open to the north. The speed of this discovery increased the Company's resources by 117% since September 2011, and by a total of 369% since IPO in December 2010. This effectively gave Hummingbird the fastest growing gold resource in Africa last year.

## Tuzon

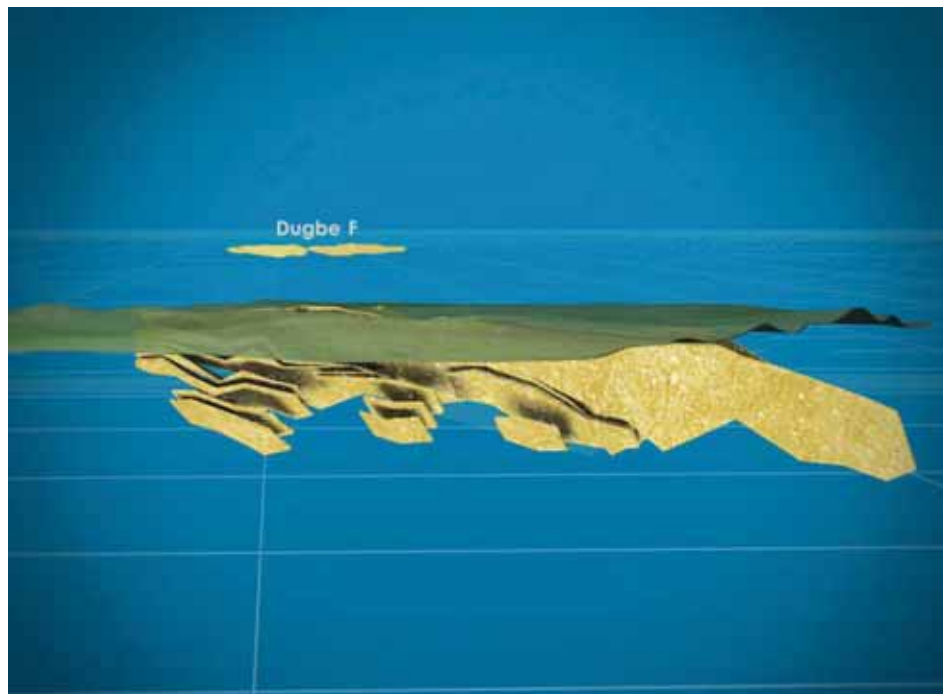


The Tuzon Project currently has a NI43-101 compliant Resource of 2.052 Moz gold at 1.2g/t, all in the Inferred category. This Resource is contained within 53 million tonnes of ore.





### 3D Illustration of the Tuzon deposit with Dugbe F behind



The Tuzon deposit comprises a series of shallow southeast dipping lenses, which outcrop at surface. Besides the southeast dip, the whole deposit pitches gently to the south. With several separate mineralised lenses, stacked close together vertically, and at shallow depth, preliminary studies indicate that 80% of this Inferred Resource will be accessible within a low strip ratio open pit.

This Resource was established from an anomaly with a small surface footprint. Although the surface anomaly was much smaller than the Dugbe F anomaly, the fact that the mineralisation repeated itself vertically in a series of stacked lenses enabled a rapid increase in drilled resources.

## Current Resources In 'The Dugbe 1 Project'

Table showing total current Resource at the Dugbe F Project

	Tonnes (millions)	Grade (g/t) Au	Current Ounces Au	Dec 2010 Ounces Au	Increase
Indicated*	33.13	1.29	<b>1,373,000</b>	552,000	149%
Inferred*	9.88	1.23	<b>392,000</b>	260,000	51%
All*	43.01	1.28	<b>1,765,000</b>	812,000	117%

\*At a lower cut off of 0.5g/t Au, no upper cut off

Table showing attributable Resource at the Dugbe F Project

	Tonnes (millions)	Grade (g/t) Au	Current Ounces Au	Dec 2010 Ounces Au	Increase
Indicated*	31.31	1.29	<b>1,300,000</b>	552,000	136%
Inferred*	9.42	1.24	<b>377,000</b>	260,000	45%
All*	40.73	1.28	<b>1,677,000</b>	812,000	107%

\*At a lower cut off of 0.5g/t Au, no upper cut off



Table showing total current Resource at the Tuzon Project

	Tonnes (millions)	Grade (g/t) Au	Current Ounces Au	Attributable
Inferred*	52.80	1.21	<b>2,052,000</b>	100%

\*At a lower cut off of 0.5g/t Au, upper cut off used 7 g/t top cut.

With both of these Resources we believe there is significant scope to improve mineable head grade from within the existing Resource. One of the first tasks of the newly formed development team has been to look at the existing Resources with more focus on defining selective mining units, as opposed to the more broad brush first-pass inferred geological resources calculated to date. What is starting to emerge is the possibility of a number of higher grade starter pits within the larger open pits near to surface. This is what would be focused on first in any mining scenario and has a potentially significant positive impact on profitability and speed of capex repayment in the early years.

Early in 2012, drilling continued in the northern extension of the Tuzon deposit, 'Tuzon North', amounting to an additional 5,070m of drilling on top of what had already been drilled at Tuzon. In Tuzon North, the deposit appears to swing from a shallow southeast dip to a moderate westerly dip. This drilling extended the Tuzon Resource by 250m with some excellent intersections. These results are being incorporated in to the development team's re-modelling work.

### Tuzon North Drilling Highlights:

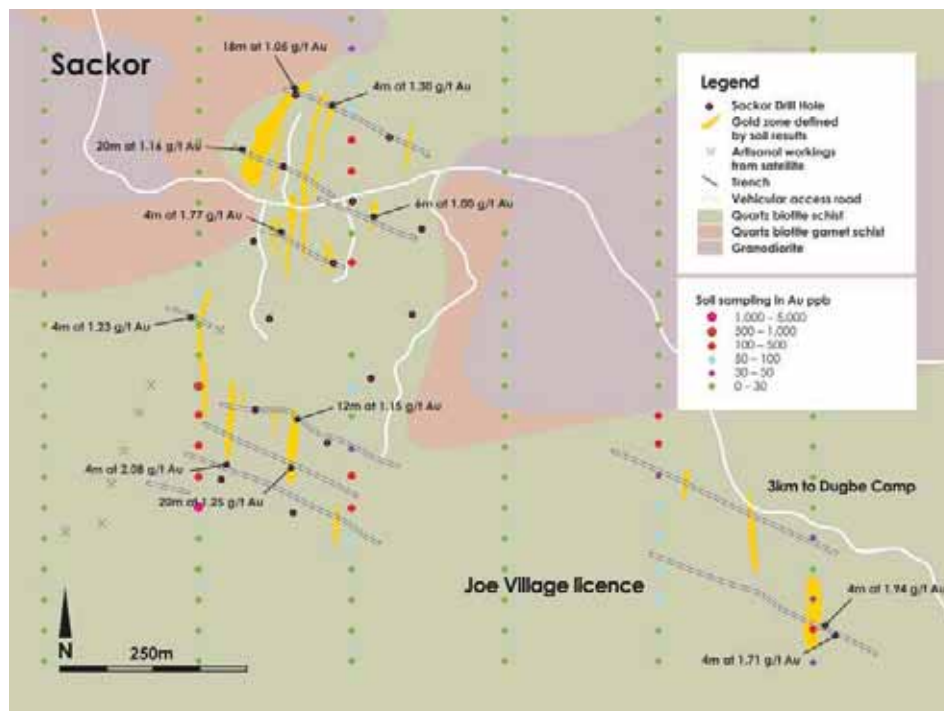
13.77m @ 2.75 g/t Au in TDC070	22.16m @ 2.48 g/t Au in TDC072
16.20m @ 3.59 g/t Au in TDC070	26.32m @ 1.63 g/t Au in TDC071

The picture within a theoretical mineable radius of this initial deposit is looking very exciting. A number of new anomalies have been discovered keeping the target pipeline full.



## Sackor

The next drill target was the Sackor prospect, situated 2km southwest of the Dugbe F deposit.



Trenching and early drilling results have indicated another stacked mineralised system, similar to Tuzon. The mineralised zones appear to form shallow dipping structures, repeatedly stacked one on top of the other.

At 31 May 2012, 2,850m had been drilled in 16 diamond core drill holes at the Sackor prospect. Drilling was completed in July 2012 and we are currently awaiting final results for this work. However, early assay indications have been good, and showed that the Sackor deposit will likely form additional Resources for Hummingbird in this area.

Like Dugbe F and Tuzon, the Sackor deposit outcrops at surface, so should be accessible in a shallow open pit. Additionally, initial mineralogical work shows the gold to be largely free, hence broadly similar in style to the Dugbe F mineralisation. As such, it continues to confirm Hummingbird's model - to discover and develop multiple gold pits within a mineable radius of the original Dugbe F deposit. The discovery remains open to the north and south.

### Sackor Drilling Highlights:

6.00m @ 3.36 g/t Au in SKDC001  
 5.14m @ 2.49 g/t Au in SKDC002  
 4.61m @ 1.92 g/t Au in SKDC006  
 13.00m @ 1.33 g/t Au in SKDC007

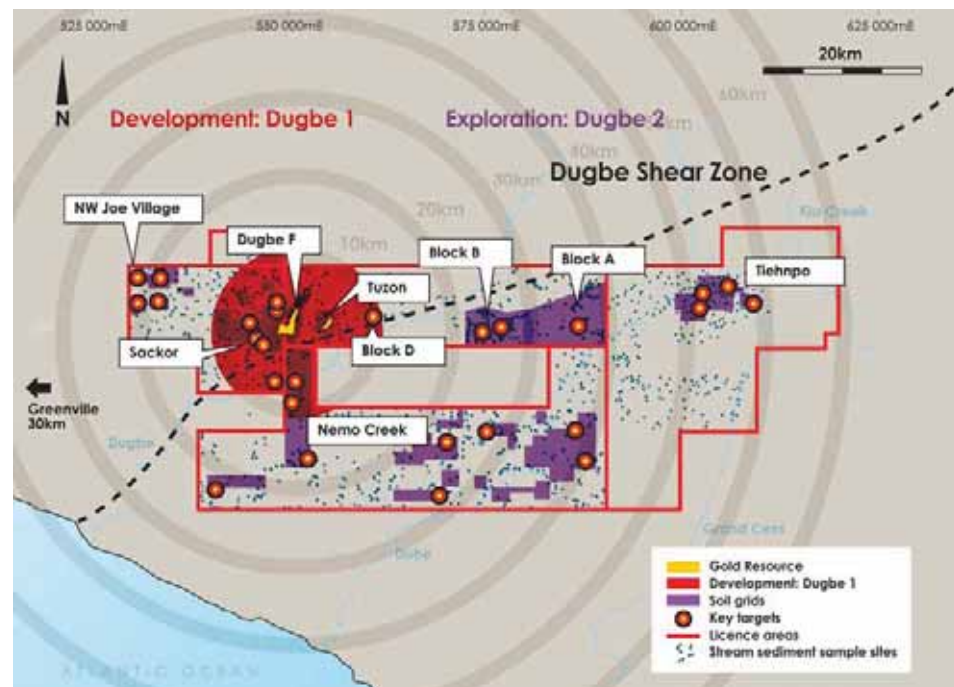
2.95m @ 4.12 g/t Au in SKDC007  
 4.00m @ 1.92 g/t Au in SKDC007  
 4.72m @ 2.69 g/t Au in SKDC008  
 7.00m @ 1.63 g/t Au in SKDC008



In the broader regional picture, we have encouraging results in Tiehnpo, the northwest section of the Joe Village licence (known as NW Joe Village) and Nemo Creek.

- Tiehnpo – a swarm of gold-in-soil anomalies approximately 7km long by 2km wide. Positive XRF results indicating wide zones of gold mineralisation. Trench results pending.
- NW Joe Village – four distinct gold-in-soil anomalies over a strike length of 8km. Trenching underway, 4,000m completed.
- Nemo Creek – 7km strike length of gold-in-soil anomalies following the east-northeast trend of the Dugbe Shear Zone.

## Dugbe Shear Zone, Showing Development & Exploration





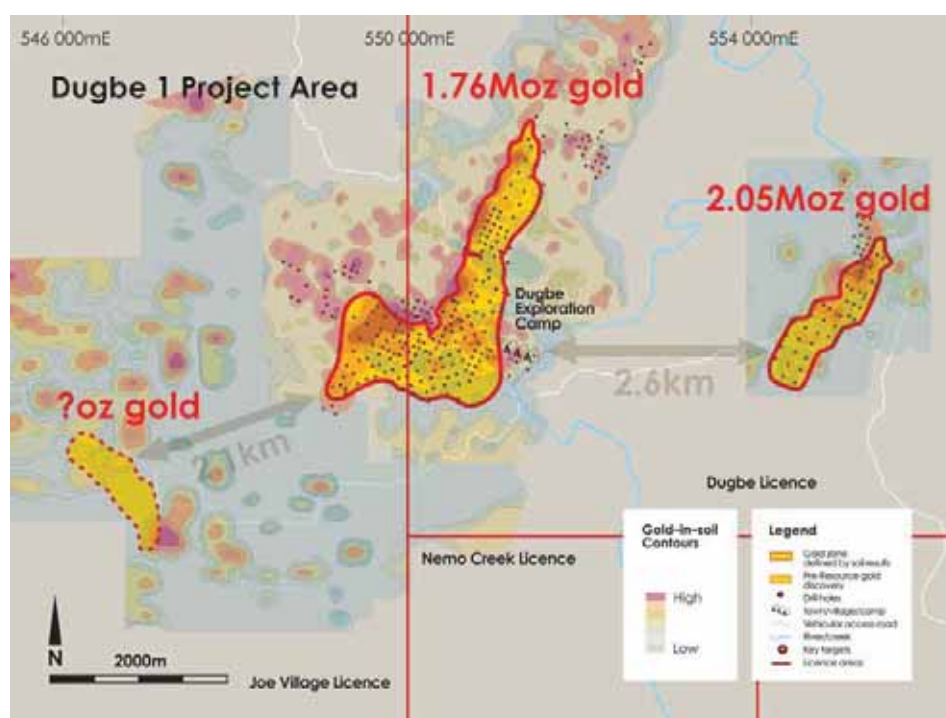
# Dugbe Shear Zone

Work has progressed on the Dugbe, Joe Village, Nemo Creek and Tiehnpo licences over the past year.

## Key Facts

- A prominent northeast – southwest trending fault structure
- 70km strike length within our licence area
- 2,051km<sup>2</sup> of licence area
- 3.8 Moz of Resources in Dugbe 1 Project area, currently comprising Dugbe and Tuzon deposits
- 40km as the crow flies to Greenville port – operational deep water port

The Dugbe 1 Project area is a theoretical 10km radius around the maiden Dugbe F Resource and overlaps both the Dugbe F and Joe Village licences.





During the last financial year outline drilling has continued in the Dugbe 1 Project, mostly on a 160m x 160m grid. The Dugbe F Resource was steadily increased, culminating in September 2011 with an upgraded NI 43-101-compliant calculation of 1.765 Moz at 1.28 g/t. This represented an almost 1 Moz increase within 10 months of listing on AIM.

On 1 February 2012, also within this period, a NI 43-101-compliant 2.052 Moz Resource at 1.21 g/t was discovered at Tuzon, 2.5km east of Dugbe F.

In order to be consistent with last year's Resource calculation, a 0.5 g/t lower cut off has been used. However, the Tuzon deposit appears to be more variable in both thickness and grade than Dugbe F. In contrast to the Dugbe F deposit, where there was no upper cut-off, a top cut of 7 g/t was used for the Tuzon Resource calculation in order to limit the influence of the high-grade sample results.

Besides the expansion of the Dugbe 1 Project area Resource, much of the drilling was aimed at defining the edges of the mineralised Resource, drilling being focused on the north and south extensions of the Dugbe F deposit and down dip.

Three core drills were used simultaneously on the Dugbe F drilling in the height of 2011. Towards August 2011, these drills were progressively diverted onto the Tuzon prospect.

## Scoping Study / PEA

Numerous activities have been initiated or continued as part of the Dugbe 1 scoping study/Preliminary Economic Assessment, including the following:

### Resources

- Collection of a representative suite of sample pulps, from both Dugbe and Tuzon, for assaying by an independent, internationally accredited reference assay laboratory
- Validation of the existing drill hole databases
- Additional close spaced diamond core drilling to refine variographic estimation parameters
- Resource estimation studies using geostatistical estimation techniques that are appropriate for the pit optimisation studies using selective mining unit ("SMU") emulation
- Preparation for the compilation of all existing exploration data into a suitable relational database
- Determination of appropriate infill drilling parameters and drilling methods



## Pit optimisation, scheduling, operating and capital cost estimates

- Determination of operating costs for a range of potential mill throughputs in order to undertake a 'hill of values' study to determine the optimum development route for the Dugbe 1 project (including appropriate capital estimates)
- Pit optimisation and mine scheduling optimisation studies on the SMU resource model
- Preliminary mine designs based on the results of the pit optimisations
- Investigation of a staged development approach wherein a planned expansion route is built into the operating and capital cost estimates

## Geotechnical studies

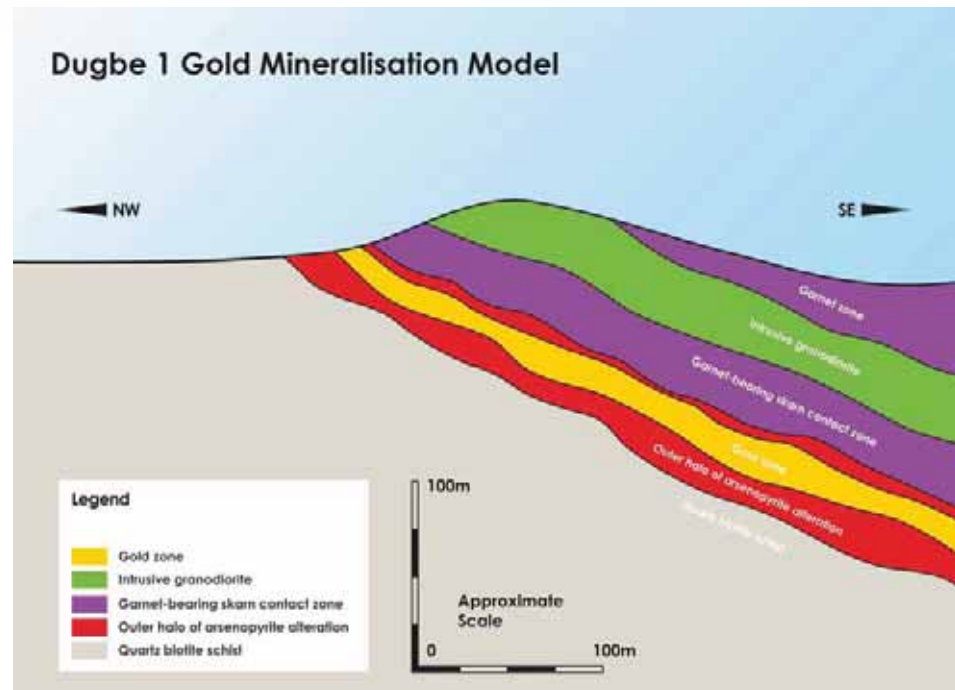
- Initial geotechnical studies in order to refine key parameters

## Metallurgy

- Compilation of all metallurgical studies to date
- Preparation of mineralised zone composites based on the sample pulp library, from both Dugbe and Tuzon, for bottle roll gold extraction, along with residue assaying in order to map the gold recoveries of both deposits in 3D. This is the first stage in building a 'geo-metallurgical' model of the two deposits
- Additional grind size studies in order to refine the optimum project metallurgical flow-sheet
- Further comminution studies

## Site studies

- Investigation of appropriate site locations (plant, waste dumps and tailings dumps)
- Initial logistics studies (access roads, port locations etc.)



Both the Dugbe F and Tuzon deposits outcrop at surface and have overall shallow dips, so both deposits should be able to achieve a high conversion rate from geological into mineable ounces. Some preliminary work has shown that:

- At Dugbe F, some 65% of the total resource could convert into an open pit with 6.1:1 waste:ore ratio
- At Tuzon, some 80% of the total resource could convert into an open pit with 3.4:1 waste:ore ratio
- Adding these two together gives 2.78 Moz available at a weighted average strip ratio of 4.5:1 - which is very encouraging at this early stage.

As a result of the technical studies carried out thus far, we now have a greatly increased understanding of the geological and mineralisation structures within the Dugbe 1 Project area. High level geological mapping has established that the gold appears to have derived from a series of intrusive granodiorites – these are intruded with a distinctive garnet alteration zone, and the mineralisation appears to lie just outside the garnet alteration zone. With this new understanding in place, it is easier to make sense of the geology in and around the Dugbe F Project, and to thereby guide the work going forward.





## Dugbe Licence (Blocks A, B, D, F)

The Dugbe licence covers 450km<sup>2</sup> and was awarded to Hummingbird in November 2005. It is 100% Hummingbird owned.

1,400 soil samples have been taken on grid targets defined by satellite imagery. One of these is at Tuzon, lying 2.5km to the east of this Resource. At Tuzon, a large and well-developed gold-in-soil anomaly was established, extending to a total of 2.2km in strike length, with soil values exceeding 1 ppm Au in parts. Trenching at this prospect has shown major thicknesses of anomalous arsenic, together with several zones of gold mineralisation.

This excellent and strong gold anomaly contains a coincident arsenic anomaly, and provided an exciting target for outline drilling near to the initial deposit in the Dugbe F Project. This target has been outline-drilled to give an initial Resource of 2.052 Moz at 1.21 g/t.

In addition to the drilling, over 2,000m of trenching has been completed on the Dugbe licence (mostly at Tuzon), with over 2,390 trench samples sent for assay, as well as approximately 200 other rock grab samples assayed.

A major development in 2011 was the agreement to acquire 100% ownership of the Joe Village licence. This means that Hummingbird not only holds 100% of the enlarged Dugbe F deposit, but also 100% of all future resources discovered on that licence. This agreement concludes once Hummingbird's Mineral Development Agreement ("MDA") has been granted by the government of Liberia.

At the Sackor prospect, situated 2.1km southwest of the south end of the Dugbe F deposit, a promising gold-in-soil anomaly was trenched with a total of some 3,000m of trenching. This revealed trench intersections of up to 20m at 1.16 g/t, within a broader low-grade mineralised envelope. A core drill was transferred to the Sackor prospect in early 2012.

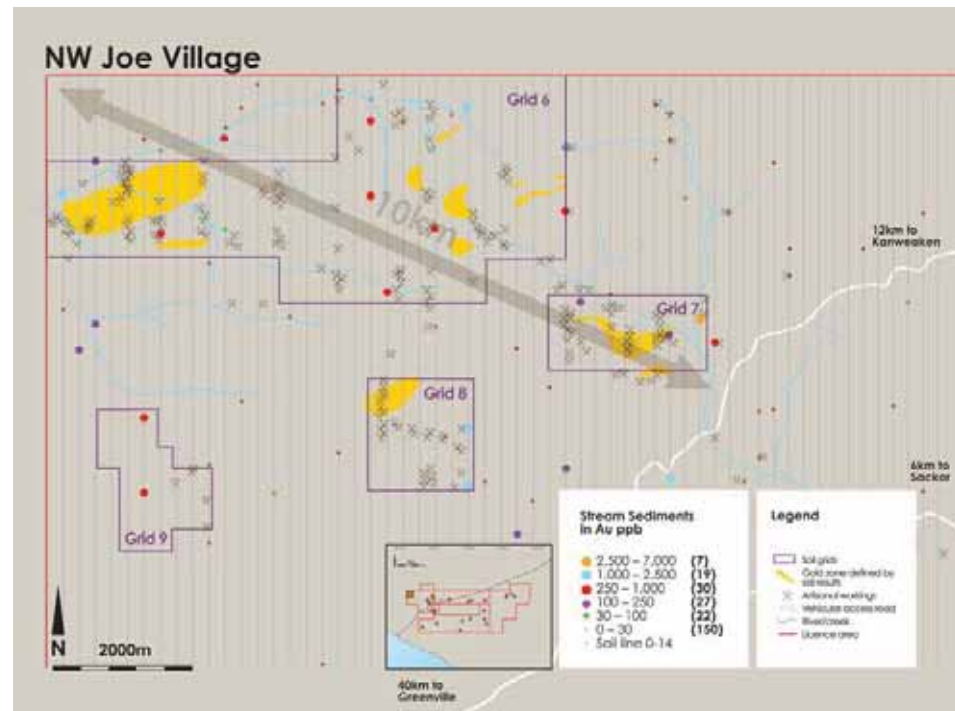
By the end of May 2012, 2,850m had been drilled in 16 diamond drill holes at Sackor. Trenching and early drilling results have indicated another stacked mineralised system, similar in some ways to Tuzon. The multiple mineralised zones appear to be shallow dipping and stacked one on top of the other.

Early assay indications have been encouraging and show that the Sackor deposit will likely form a resource in this area.

Continuing our exploration of the Dugbe 1 Project area, we are systematically working outwards from the Dugbe F deposit. Following outline drilling at Tuzon and most recently at Sackor, our next target is the Sackor 2 prospect, 3km west of the Dugbe F deposit. This prospect showed up as an attractive gold-in-soil anomaly of approximately 500m in length. A 2,000m initial trenching plan is underway.



## Joe Village Licence

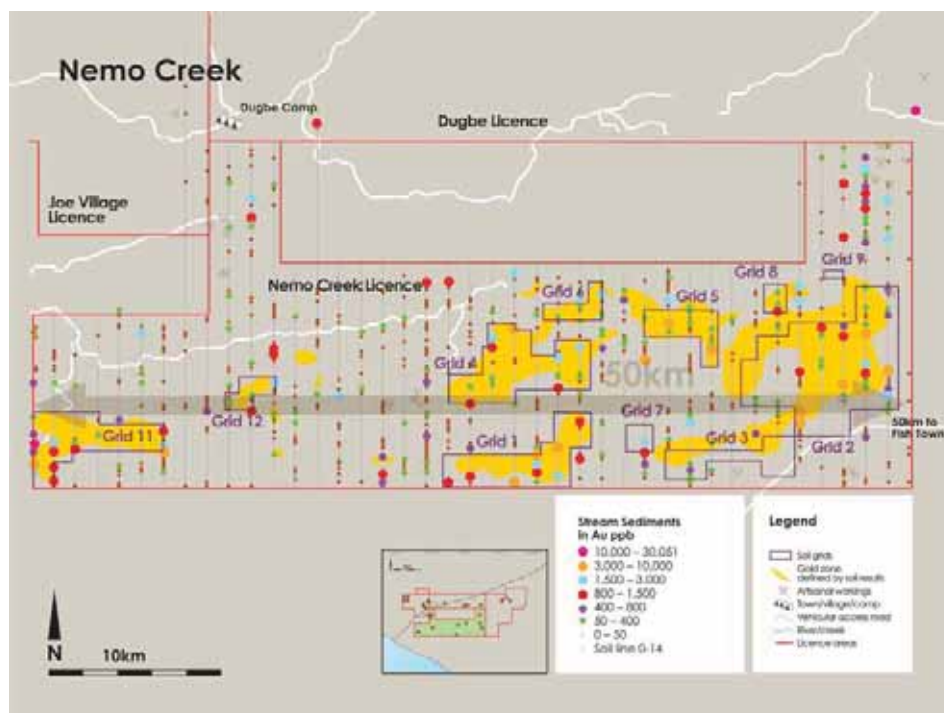


Working out from the Dugbe 1 area, our exploration teams identified some highly prospective targets in the Joe Village licence, around 15km northwest of Dugbe F. This target area is known as NW Joe Village. The targets comprise stream sediment sample anomalies in an area close to drainage watersheds and near to artisanal workings (these latter points indicate that the source to the artisanal gold must be close by). Accordingly we undertook an extensive series of soil sample surveys over four large grids and a total of 2,400 samples were taken to investigate these targets.

These soil grids showed four distinct gold-in-soil anomalies within an east-west trend, over a strike length of 8km. The largest of these is in Grid 6, extending for about 2 km in strike length. These anomalies appear to extend from the west where the same anomalous zones appear to have been identified on the ground of Tawana Resources further to the west. A major programme of trenching has begun with 4,000m completed with likely extensions. While not all the results have yet been received, early indications show that there are anomalous zones within the trenches. The data so far continues to confirm Hummingbird's belief that the Dugbe Shear Zone has potential to host multiple gold mines.



## Nemo Creek Licence

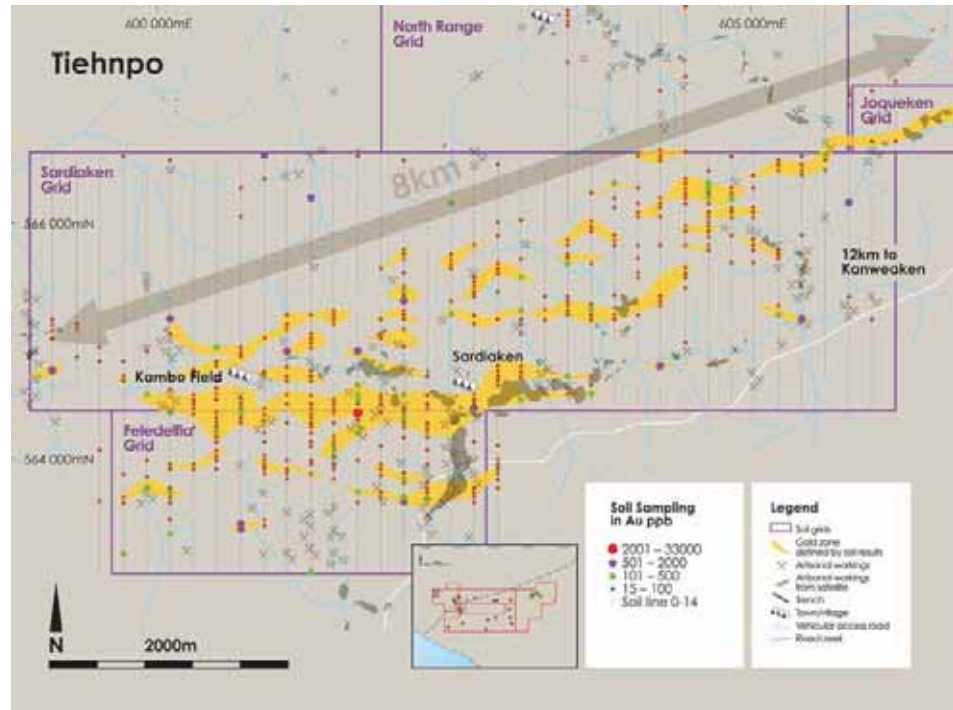


The Nemo Creek licence is a large licence area of 690km<sup>2</sup> in the south of our DSZ licence package. It lies to the south of the Dugbe 1 Project area. Stream sediment sampling identified numerous gold anomalies. Accordingly, a total of 12 soil sampling grids were designed to investigate these anomalies further. These grids amount to 20,000 soil samples at 200m x 40m spacing, all taken by the Group's soil sampling teams based on GPS grids and is one of the largest geochemical soil sampling programmes to be undertaken anywhere in West Africa. 20,000 soil samples more than doubles the total taken prior to this period on all of Hummingbird's licences and the size of this programme is therefore testament to Hummingbird's continued commitment to intensive and sustained exploration across our landholdings.

The first soil grid to receive assays has been Grid 11, situated on the western extremity of the Nemo Creek licence. While the results are as yet incomplete they have so far shown a swarm of east-northeast trending gold-in-soil anomalies, extending 7km in strike length. We are awaiting the receipt of all the soil sample results and will do a fuller interpretation in due course. Preliminary results indicate another exciting target area for trenching and hopefully drilling.



## Tiehnpo Licence



The 665km<sup>2</sup> Tiehnpo licence lies on the east end of Hummingbird's 2,000 km<sup>2</sup> ground held along the Dugbe Shear Zone, approximately 50km east of the Dugbe 1 Project. The north part of the Tiehnpo licence area has long been known to host extensive artisanal workings in alluvial settings. Establishing the hard rock source of gold in these alluvial workings has been a target for the Hummingbird exploration team.

At Sariakien in the Tiehnpo licence, 4,600 soil samples were taken during the past year. These samples showed a broad swarm of east-northeast trending gold-in-soil anomalies. The whole zone measures 7km long by 2km wide, with individual anomalies up to nearly 4km in length. The area contains abundant artisanal workings and is an exciting new target area.

Since the year end an extensive trenching programme has started on this anomaly. Early XRF results show strong and broad anomalous arsenic zones, which are characteristically associated with gold in this area. In the Dugbe 1 Project area there is a strong correlation between the occurrence of arsenic and gold. It should be noted that little or none of the gold appears to lie within actual arsenopyrite grains or to be otherwise refractory in nature - however in a general sense the gold zones do lie within broad arsenic haloes.

Initial results with the XRF arsenic values in Tiehnpo trenches are highly encouraging, with up to nearly 60m true thickness giving an average of over 250ppm As with the hand held XRF, and a second separate interval of almost 30m true thickness giving an average of 164ppm. These intervals are highly encouraging in terms of the potential for wide zones of gold mineralisation. Trench gold assay results are pending.



**Profile:** Christopher Fozard, Exploration Manager



Chris (right) leads a site visit at Sackor

Chris was born and raised in Whitehorse, Yukon, northwestern Canada. Adventurous parents and a healthy diet of fishing, camping and hiking led to a long-term interest in outdoor pursuits. This activity translated naturally toward geology and fieldwork, which Chris has been involved with since 2003 and throughout his degree. Work has taken him all over western Canada, to Chile and to China numerous times to work on a variety of mineral systems.

Working in Africa may have been inevitable and Hummingbird's large-scale, active pursuit of a burgeoning gold district provided an exciting opportunity to expand his knowledge of orogenic gold systems in a challenging environment. A healthy balance and awareness of data and people management make Chris an asset to any field operation. Observing ore deposits and how they fit into a general framework, with respect given to the detail and characteristics of individual mineralised bodies, continues to help Chris advance his understanding of exploration science.

Outside of work Chris enjoys skiing, biking, skim-boarding and the odd game of golf. Business in exploration is sure to continue in the years to come, while still making time for his various interests and pursuits.



## Technical Developments

In May 2012, Hummingbird appointed Dr Julian Barnes as Head of Project Development on a consultancy basis. In 1987 Julian co-founded the Resource Service Group (RSG), an international exploration and mining consultancy with a focus on West Africa. RSG subsequently merged with Global Mining Services to form RSG Global, which in turn was then acquired by Coffey Mining Limited. From 2004 until 2010, Julian was Executive Vice President of Dundee Precious Metals Inc., and since 2010 a director of Serbia-focused Avala Resources Ltd. He has extensive international experience including over 15 years in West Africa. Julian has also worked on a large number of bankable feasibility studies and has undertaken numerous technical due diligence assessments for resource banking institutions.

A LiDAR (Light Detection and Ranging) survey was flown and completed across the Dugbe 1 Project area in order to provide high quality photography and topographic data.

LiDAR is an optical remote sensing technology that uses laser pulses and is commonly used to undertake extremely accurate topographic surveys. The system is accurate to 15cm (x,y coordinates) and 8cm (z coordinate). It also provides very high-resolution photographic imagery (10cm pixel size).

This data set will provide us with not only engineering grade topographic accuracy for the proposed mine development area, but also extremely accurate positioning of the current sites of artisanal mining activities within the Dugbe 1 Project area. It is also expected to provide high quality topographic base maps for geological mapping and structural analysis.

Hummingbird is also working in partnership with the Camborne School of Mines (CSM) in UK. PhD student, Ryan Langdon, is undertaking a three year mapping programme with the aim of establishing for the first time the geology and gold mineralisation controls of the Dugbe Shear Zone. In an area such as eastern Liberia, where no one has ever undertaken detailed mapping or exploration activities, this will be an exciting study and we look forward to the results as they unfold.



**Profile:** Janjay Verdier, Field Assistant

I graduated in 1989 from the New Testament Baptist School in Buchanan, Grand Bassa County and joined Hummingbird Resources on 16 Oct 2009. I have worked as part of the team and shown myself worthy of additional responsibilities. I have been involved in the following projects:



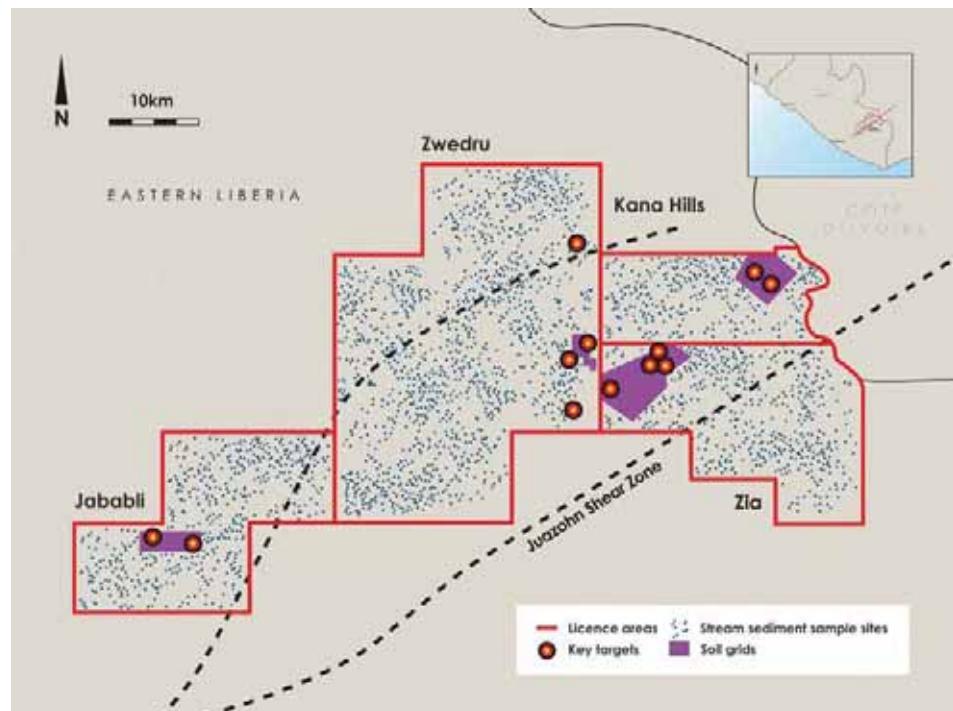
- In 2010 I helped to build access roads to drill pads and in the preparation of drill pads
- In 2011 I assisted with the trenching projects in a remote part of our licence area
- I supervised drilling projects in Zia, Grand Gedeh County, and supervised smaller work projects on camp
- In 2012, I was put in charge of managing the entire trenching program at the Mt Ginka project in Nimba. This is my greatest responsibility to date, and one which I am proud of. Since running this project I have also been able to assist with guests on site visits to the area and showcase my knowledge

Hummingbird Resources have taught me how to cut trenching lines and soil sampling lines, so that I can assist the larger geological program. In summary working with Hummingbird Resources has improved my skills greatly in the geological field and in so doing has also improved my lifestyle.

I love working with Hummingbird Resources because of their good working relationship with employees. I also like to see the mining process and all the achievements that we have had with the company.



# Juazohn Shear Zone



The Juazohn Shear Zone ("JSZ") separates younger Proterozoic metasediments and metavolcanics on the west from Archaean gneisses on the east.

## Zia Licence

This licence covers 443km<sup>2</sup> and was awarded to Deveton Mining Company ("Deveton") in November 2005. Hummingbird owns 80% of Deveton.

Hummingbird is targeting BIF hosted gold deposits across the Zia licence. A large amount of exploration, including stream sediment sampling, soil sampling, trenching and auger drilling, has occurred across this licence during the years that Hummingbird has owned it.

1,950m of scout core drilling were completed at the end of 2010. While the results did not show intersections of obvious economic grades, a large number of pyritic mineralised zones were intersected, with gold values up to 1.7 g/t. In fact, the mineralised zones are characterised by strong silver and bismuth haloes, and further scout drilling is planned, once the status of the licences is finalised (Zia and the adjacent licences are the subject of an MDA application).





## Kana Hills Licence

This licence covers 257km<sup>2</sup> and was awarded to Geotess International Corporation in 2004, which was then transferred to Afro Minerals Inc ("Afro") in 2007. Hummingbird owns 80% of Afro. The licence adjoins the Zia licence in the JSZ and covers the continuation of the northeast trending BIF ridge, along which numerous artisanal gold workings and stream sediment anomalies are located.

## Jababli Licence

The licence covers 400km<sup>2</sup> and was awarded to Deveton in October 2009. Hummingbird owns 80% of Deveton.

Earlier stream sediment sampling work established exciting gold targets associated with amphibolite ridges of likely Archaean age. Follow-up soil sampling defined coincident gold/arsenic anomalies along a 9km ridge with abundant artisanal workings in streams draining off it. A major trenching programme has been completed along this ridge.

A trenching programme amount of 1,300m in length was completed along the Peace Camp ridge. This was focused on gold-in-soil and stream sediment anomalies on the Peace Camp ridge, a 9km ridge of amphibolite and other metamorphosed rocks of likely Archaean age. Trench results were disappointing, indicating narrow structures containing gold mineralisation.

However, there are two other prospects within the Jababli licence where further work is justified:

- Sloh Meh - a major artisanal working near a watershed, where previous soil sampling was unsuccessful due to the depth and inhomogeneous nature of the soil horizon
- Peace Camp East - major artisanal working situated to the east of Peace Camp ridge, and yet to be investigated

## Zwedru Licence

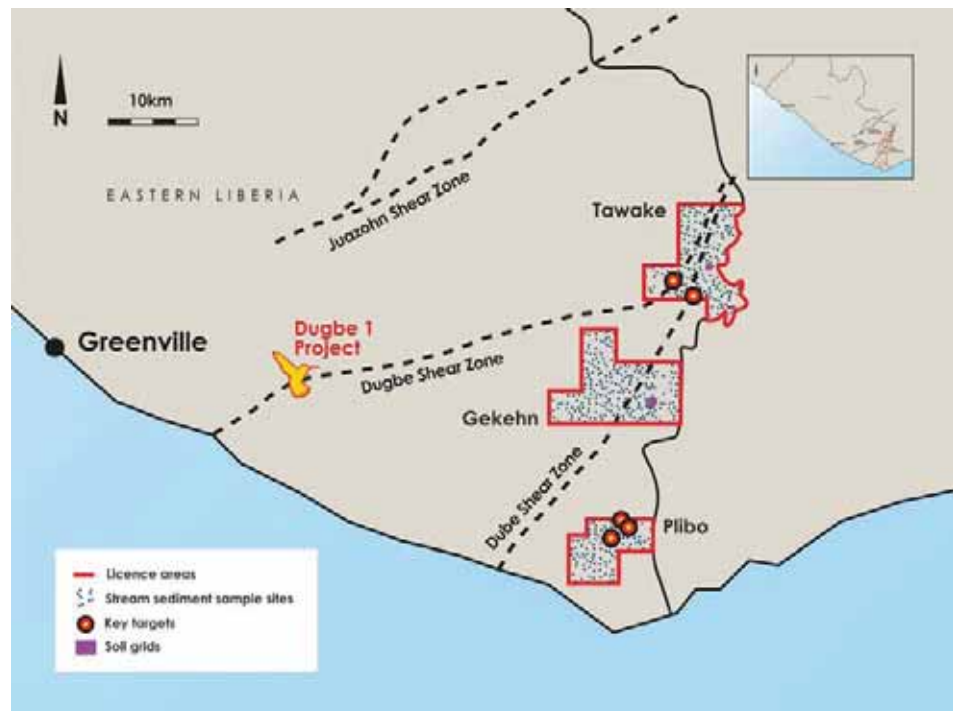
This licence covers 1,000km<sup>2</sup> and was awarded to Hummingbird in April 2010. Hummingbird owns 100% of this licence.

A stream sediment sampling programme, totalling over 1,140 samples on the Zwedru licence revealed a number of anomalous gold areas, mostly focused around the east and southeast of the 1000km<sup>2</sup> licence. Follow up stream sediment samples have been taken, confirming the extent of these anomalies.

A soil sampling programme on the eastern anomalous area has been planned, totalling some 800 soil samples. In the southeast area, the anomalous area abuts against the anomalous zones of the Zia and Kana Hills projects, where overall soil sampling did not work well in the past.



# Dube Shear Zone



## Tawake Licence

This licence covers 665km<sup>2</sup> and was awarded to Hummingbird in April 2010. The licence is 100% Hummingbird owned. The licence is geologically well situated, lying on the junction of the regional scale Dugbe and Dube Shear Zones, with evidence of abundant intrusive igneous activity. As a point of comparison, the gold mineralisation in the Dugbe Shear Zone appears to be largely associated with acid intrusive activity.

Follow up stream sediment sampling work has been completed at Tawake, bringing the total of stream sediment samples here to over 600. A 1,500m soil sample programme has been proposed.



## Gekehn Licence

This licence covers 795km<sup>2</sup> and was awarded to Hummingbird in April 2010. The licence is 100% Hummingbird owned.

We have completed 570 stream sediment samples. A broad zone showing anomalous lithium was delineated, and a follow-up soil sampling programme of approximately 800 soil samples is planned.

A number of gold anomalies were outlined, including a broad zone, several kilometres in length, showing strongly anomalous lithium values. Further stage work is being planned.

## Plibo Licence

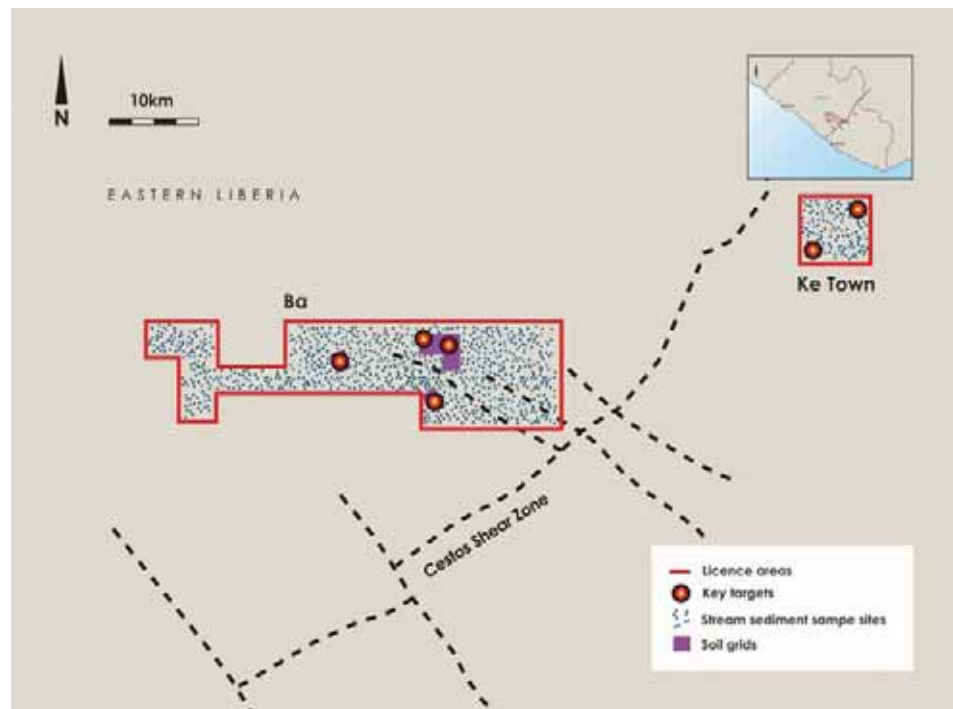
This licence covers 375km<sup>2</sup> and was awarded to Hummingbird in April 2010. The licence is 100% Hummingbird owned.

370 first pass stream samples were taken on this licence, increasing to 470 samples after second pass stream sediment samples, which then confirmed and extended the anomalous zones.

A series of soil sample grids have been designed to further investigate these anomalies. We aim to take a total of 2,000 samples.



# Cestos Shear Zone



## Ba Licence

This licence covers 625km<sup>2</sup> and was awarded to Deveton in October 2009. Hummingbird owns 80% of Deveton. The Ba licence lies in Archaean rocks immediately west of the Cestos Shear Zone, and is also immediately north of Amlib United Minerals Inc's Cestos project, with its multiple gold targets.

During 2011, further soil sampling was undertaken to better define the soil anomalies on this licence. This brings to date a total of 1,160 soil samples on this property. A programme of 1,500m of trenching is proposed as the next stage of work here.



**Profile:** Papie Yarmeto, Geologist

I am a Liberian from Lofa County and of the Lorma Ethnic tribe, born on October 14th 1982. I enrolled at the St. Jean's Liberian Catholic School in 1997 in the Ivory Coast where I completed my Senior High School Education in 2000.



In 2006, I enrolled at the University of Liberia to study Geology. While at the university I obtained sponsorship from Hummingbird along with 14 other students at that time. This sponsorship gave me financial assistance to help me finish my degree and also offered me work experience before I graduated.

I started my first fieldwork with Hummingbird as a student geologist in May 2011. I worked on a number of trenching programmes where I was responsible for trench mapping and geological logging. I also worked on soil sampling programmes in Sackor for a number of weeks, which formed the basis of the recent drilling there. I also helped with geotechnical and structural core loggings from Tuzon drill programmes. At the end of 2011 I was trained to manage aspects of the daily running of the drill programme. In January 2012 I managed the day to day running of the drill program in Tuzon and Sackor.

My experience with Hummingbird is a good and successful one. I look forward to future training in geological software and in other areas of studies. Working with Hummingbird is a great advantage; I am able to work in different areas on projects to enhance my knowledge as geologist. Hummingbird is well organised with the potential to improve livelihood, team spirit among workers, recreation and social activities on camp for workers' benefits.

**Profile:** Totoe Paye, Head Driver



**Totoe Paye, Head Driver**

I was born in Grand Bassa County and am of the Bassa tribe. I did different types of training at the Don Bosco school in Buchannan.

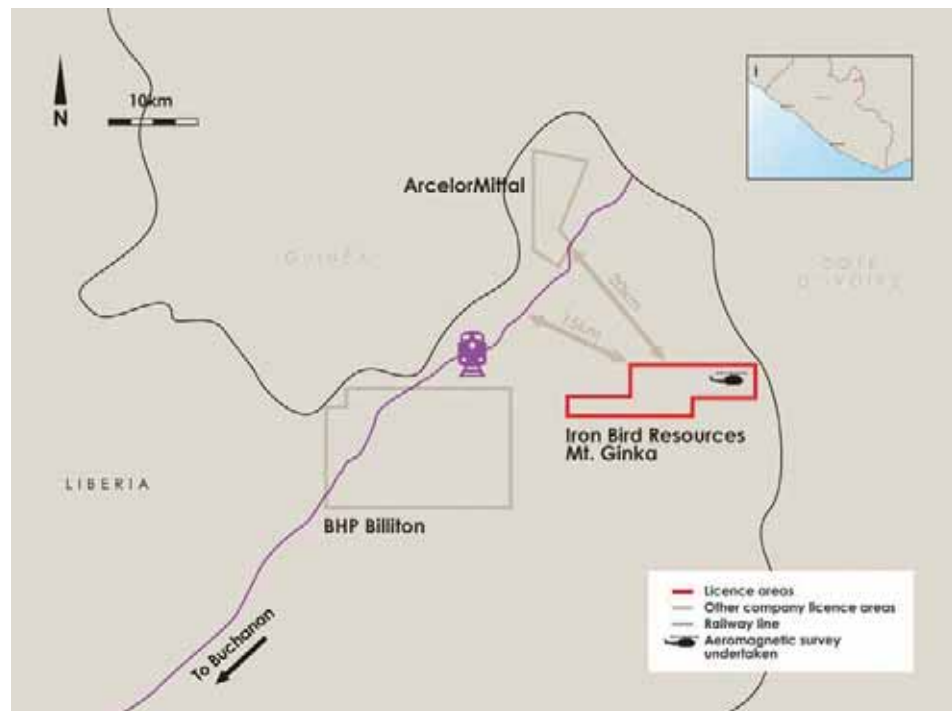
Hummingbird Resources hired me as a driver in January 2009. I can drive both light and heavy vehicles. I was trained to drive heavy vehicles in the Ivory Coast. I am now Head Driver for Hummingbird Resources. I help the Assistant Fleet Manager to organise the team of drivers and the timetable. I have to be flexible and make a lot

of changes all the time. We have over 22 light vehicles, and lots of drivers up-country too.

Hummingbird Resources is a good company. I am happy that I have increased my training and my responsibilities. I would like to do more training in the future and I hope for good prosperity for Hummingbird because if Hummingbird is successful then its people will be too.



# Iron Ore



## Mt Ginka Licence

This licence covers 155km<sup>2</sup> and is held in a 50%-50% Joint Venture with Petmin Ltd.

During 2011 a number of exploration activities were conducted at the Mt Ginka iron ore prospect. These included compilation of historical work, followed by an airborne geophysical survey with geophysical interpretation and reviews using highly experienced external consultants.

In mid 2011 a programme of field mapping and trenching was initiated. Five trenches amounting to 570m were completed at various points along the ridge, with the trenches being logged and channel sampled. Reconnaissance geological mapping was conducted along the ridge, with a focus on the west side where the ridge is higher and iron formation thicknesses appear to be greater. Trench samples were taken for XRF/XRD/SEM and petrographic analysis of hand samples was undertaken by a mineralogist in the UK.

As a follow up to the 2011 work, in February 2012 we proposed 1,000m scout drilling and trenching programme on the Mt Ginka Iron Ore prospect. The aim of this programme was to further investigate the thickness and character of the Ginka iron formation along strike, as well as to obtain fresh magnetite samples for preliminary test work. Seven drill holes totalling 1,000m and 8 trenches totalling 1,000m were proposed with the objective of establishing the extent of the magnetic Iron Formation ("IF") units identified in previous work over the 30km long east-west trending ridge.



Work was undertaken between March and May 2012 with six diamond drill holes completed for a total of 1,058m, and 8 trenches completed for a total of 848m. The programme was successful in intersecting the main Ginka iron formation a number of times, with true thicknesses of up to 41m thick in trenches on the west side of the 30km long ridge, and generally thinner on the east.

The geological team recommended further drilling and trenching work, with a focus on the west side of the ridge, to further define the extent and thickness of the IF.

A total of 90 samples from holes GKDH-001 and GKDH-002 were submitted for Davis Tube Tests ("DTT"). The purpose of DTT is to determine whether a magnetic iron ore (in this case magnetite) is amenable to magnetic upgrading, in order to yield a saleable magnetite concentrate.

The DTT work showed that it is possible to obtain concentrate samples with a Fe grade averaging 60% to 68% Fe in concentrates across the 90 samples. However, SiO<sub>2</sub> grades remained higher than desirable for a magnetite concentrate (4.8% to 13% range) in many samples. A finer grind may be necessary to liberate magnetite grains from the adjacent silica grains. It should be noted that these DTT samples were ground to 75 micron size, and it is normal for magnetite ores to be ground finer than that to properly separate the silica and magnetite grains. Overall, the DTT work is as a successful stage in establishing the possibility of upgrading the Ginka magnetite ore to a saleable product.



# Core Values

## Vision

To build a world class gold company.

## Mission

Our initial mission is to develop a world-class gold province in eastern Liberia. We aim to achieve this starting from systematic grass roots exploration, right through to building and running gold mines there, whilst maintaining the highest levels of social and environmental responsibility.

## Core Values

**Safety is paramount:** the health and safety of our staff is vital and every measure is taken to ensure that our progress is delivered without compromise to the well-being of our employees.

**Respect for the team:** everyone is treated with respect, trust and dignity. In return, honesty and integrity are expected of all employees.

**Dynamic in our approach:** we will deliver on our commitments through initiative, energy and persistence, working hard to achieve the best results in the minimum of time.

**Embrace innovation:** everyone is expected to think for themselves, to promote good ideas and to use technology to aid our work. Every gold exploration and development project is unique; we will constantly encourage people to 'think outside of the box'.

**Act with responsibility:** we are committed to working in the most responsible manner possible, by respecting the local customs and traditions, by adhering to the laws of the countries in which we work and by following international best practice.

**Highest regard for the people and environment:** we aim to be pillars of the communities in which we work, to incorporate the individual stakeholders throughout the exploration development process and never to neglect the precious environment.





# Operational Summary

## Human Resources

In the past twelve months Hummingbird has continued to expand in Liberia and now has in excess of 200 full time employees, including our 17 expatriate staff who come from a variety of countries including Canada, the United Kingdom, Zimbabwe, Uganda and Madagascar. We also employ significant numbers of labourers for specific short-term contracts in the field, such as geological exploration tasks and logistical infrastructure projects.

Our geological team has been augmented significantly by the appointment of an exploration manager whose role it is to implement and manage the exploration activities designed by the technical director and chief geologist. In addition, we are delighted to now employ four Liberian junior geologists who have all recently graduated from the University of Liberia having been sponsored by Hummingbird over the last four years through their geological undergraduate course. In support of our geologists we have 12 field assistants who help manage and implement the various geological programs, as well as 12 field technicians who conduct most of the degree of concurrent exploration activity across different license areas, demonstrated by the fact that on occasions we have had up to 10 different exploration teams in the field at one time working on different exploration targets.

In April 2012 we appointed Julian Barnes as Head of Project Development on a consultancy basis. Julian co-founded Resource Service Group ("RSG"), an international exploration and mining consultancy, in 1987. RSG subsequently merged with Global Mining Services to form RSG Global, which was then acquired by Coffey Mining Limited in 2006. From 2004 until 2010, Julian was Executive Vice President of Dundee Precious Metals Inc., and he is currently a director of Serbia-focused Avala Resources Ltd. He has extensive international experience including over 15 years in West Africa. Julian has also worked on many bankable feasibility studies and has undertaken numerous technical due diligence assessments for resource banking institutions. This appointment is significant as it allows Hummingbird to drive forward the development of its existing ounces whilst also carrying out the same level of exploration activity across its entire licence package.

## Operational Capacity & Logistics

Hummingbird's geological exploration work is still strongly supported by the operations department which has the responsibility of organising and managing the supply chain system to the field, fuel and lubricants for the vehicle fleet, the two forward bases (Greenville and Zwedru) and field camps, communications and vehicle maintenance.



Dan with the geo team at Dugbe Camp



Core samples awaiting dispatch



Julian Barnes and Louisa examining core samples



Hummingbird's grader

The company has recently invested in some additional road building and maintenance equipment, including a Caterpillar 963 tracked loader, a Caterpillar 140G grader and a Caterpillar 563 compactor. These machines will enable us to carry out an enhanced level of road maintenance work for our main arterial access into Dugbe, as well as conduct additional access projects into new target areas as required. Furthermore, we have also bought two Mercedes 1017 4x4 trucks to supersede our older MAN 4x4 truck, and these are already proving their worth on the regular resupply runs around the country to support geological field work.



Capitol Building, Monrovia

Finally, our logistics compound in Monrovia, with its modern vehicle workshop, parts stores and offices, is already proving to be a fantastic addition to the operational supporting platform which the company depends on.

Speed of exploration is key, and all of the operations team help to streamline this process so that Hummingbird works faster and more efficiently.

## Government



Monrovia City Hall

The re-election of President Ellen Johnson Sirleaf in February 2012 is a major step in consolidating the democratic process in Liberia. In her second term it is hoped that the country can build on the stable foundations of the last five years of her government and grow in confidence as a leading economic power in Africa. Hummingbird continues to have a good relationship with the Liberian government. Negotiations for our two Mineral Development Agreements are ongoing and the Company will update the market as soon as there are any material developments. In the meantime, the Ministry of Lands, Mines and Energy has confirmed that our current exploration licences are valid until the MDA process is complete.



Monrovia's busy streets

Hummingbird has played a pivotal role in hosting three conferences on investment in Liberia. We were a key sponsor of the Liberia Mining, Energy and Petroleum conference, held in Monrovia during 2011, which was attended by a number of major exploration and mining companies looking at moving into Liberia. Hummingbird also were partners in hosting the 'Liberia day' in July 2012, attended by ambassadors, high commissioners, and significant investors in Liberia. In September 2012 Hummingbird sponsored the London-Liberia conference for the second year running.



# Corporate Social Responsibility

## Big Picture View

At Hummingbird Resources we believe that it is our duty to work across all of our operations in the most socially and environmentally responsible way possible. From board level through to junior staff working on the ground, every Hummingbird employee recognises the importance of working safely and respecting the environment and the people of the country we are privileged to work in.

Hummingbird Resources:

- Provides a safe working environment and invests in the skills of our workforce
- Engages and consults with local communities, working towards development together
- Respects and protects the natural environment

Hummingbird Resources invests directly in the people of Liberia. We believe that this is the greatest lasting contribution that can be made. Our education and training programmes are central to our CSR strategy allowing us to operate safely and sustainably. By developing skills in our workforce, Hummingbird's activities will have positive multiplier effects to the wider population.

In July 2012 the company began a wholesale review of its corporate social responsibility activities, processes and systems, and has employed the use of internationally renowned consultants, Wardell Armstrong International, to help deliver this going forward. As well as ensuring complete regulatory compliance, Hummingbird Resources intends to conduct all of its practices in line with requirements set forth by the International Finance Corporation ("IFC") Performance Standards, as well as other standards of best practice such as the ICMM 10 principles for sustainable development.

Although Liberia's developmental and socio-economic challenges continue, our actions as a responsible company have a long-term impact by supporting sustainable growth, especially within the rural areas where we operate. Living and working in Liberia is a great privilege and we aim to leave a legacy which endures beyond the life of a mine, economically, environmentally and socially.



Tented accommodation at Dugbe Camp



Children at Tuzon Village



## People



A girl pumps the Hummingbird well at Tuzon Village



The Tuzon Village well

Hummingbird is proud to be one of Liberia's largest employers with over 90% of our workforce made up of Liberian nationals. As the Company grows and our operations expand, employing Liberian nationals remains a central pillar of our human resources policy. As part of this commitment, from 2012 we have sponsored an additional 20 students to study geology and mining engineering at the University of Liberia. Last year we recruited our first five graduates from this scheme as fully employed junior geologists within Hummingbird's geological team.

Hummingbird Resources follows high standards of health and safety, providing a safe and comfortable work space to all of our employees. We assess risks in our operations and ensure that our staff are adequately trained and equipped for the job. We are also undertaking activities to embed a culture of health and safety in the wider community, helping to improve road safety and extending training and education to local communities.

Hummingbird invests in all of its employees as individuals, providing regular training in topics such as first aid and hosting computer workshops. This helps to develop the skills of each individual, promotes personal growth and development, and increases opportunities for career progression. Hummingbird takes the welfare of its employees very seriously and our provision of medical cover for all employees is just one example of this.

## Key Facts:

Since Hummingbird Resources began operations in Liberia, we have been compliant with the Liberia Extractive Industries Transparency Initiative (LEITI), a scheme designed to ensure financial transparency and accountability to an internationally recognised standard. Liberia was the first African country to be compliant with the global EITI, and we are proud to support this initiative.



**Profile:** Claus T Massaquoi, Finance Supervisor



I am a Liberian from Grand Cape Mount County and of the Vai ethnic tribe. I enrolled at the Liberia Refugee Youth High School in 1993 in the Ivory Coast where I completed my senior high school education in 1997. In 2002, I enrolled at the University of Liberia to study accounting with emphasis in economics. In 2009, I graduated at the top of the Éclat class.

In 2010, I joined the Hummingbird Resources family as an Assistant Accountant. I wanted to show my willingness to work and to build my own human capacity, I was able to adapt to the systems of my new home; where I worked in both finance and administration. In 2011, with the knowledge given me by my employer, I was able to train more than three people in the area of accountancy. In the middle of 2012 I was promoted to Finance Supervisor, with responsibility for overseeing the accounts in the head office in Liberia as well as in four field locations. I also manage a small team within the head office to ensure that all records are filed correctly and up to date.

I feel that Hummingbird Resources has empowered me financially, morally and socially. I am looking forward to future training both at work and through sponsorship by Hummingbird at the University of Liberia to greater assist my work, to enable Hummingbird to achieve its goal, build the human capacity of other employees and contribute to the rebuilding of my dear country Liberia.

## Community Relations & Development

We live and work with the communities that surround our operations. Alongside offering numerous employment and training opportunities to local people, we conduct our exploration activities responsibly in light of these communities. We recognise that some of our operations could have some negative impact, but we first try to minimise this and compensate if necessary. Central to our strategy is the need to communicate clearly and effectively, engaging pro-actively with communities and their representatives. To this end we employ a number of techniques for communication including regular face-to-face meetings, a 'grievance mechanism' using suggestion boxes placed in local community meeting spots, as well as more informal events such as football matches and social occasions.

In the past year we have established a 'grievance mechanism' designed to engage, listen and respond appropriately and effectively should any complaint arise from a local community. All meetings and interactions with local communities are logged, categorised, and reported back to senior management level. We believe that it is important to engage actively with our surrounding communities at the exploration stage, helping us to gain a social licence to operate both now and for our future operations. To facilitate this, we have completed full stakeholder audits to better understand the communities and identify key representatives of various groups. This will form the foundation of future work to ensure that good relations are maintained throughout the communities.



A major focus of our development work has focussed on roads and infrastructure, in line with both local and national government agendas. The renovation and maintenance of public roads and bridges provides much sought after access for many communities. We have also helped in a number of smaller projects in the communities around our exploration projects. Examples include the construction and rehabilitation of wells to provide clean drinking water and town halls to help facilitate community communication.

One essential aspect of maintaining good relationships is our informal interactions with the community. Often this is through regular football matches against surrounding communities or other social events. Sport can be a fantastic way to bring communities together, in light of this we are sponsoring the Sinoe County Football Team, providing kit and helping to arrange matches.



Sinoe County football team

## Key Facts

- 120km of public roads rehabilitated in and around our project areas
- More than 40 bridges built or renovated
- 6 wells and hand pumps dug



## Environment

South Eastern Liberia is home to one of the most intact forest ecosystems in West Africa as part of the Upper Guinean Forest. The region is located in a biodiversity hotspot, forming a significant part of an ecosystem of global importance. Much of Liberia's flora and fauna is under threat after years of poorly managed concession agreements and the poaching and exploitation of the forest ecosystem caused by the desperation of war. As the mining, agriculture and forestry sectors continue to expand across the country it is essential that companies recognise the responsibility to maintain and restore the unique environment of Liberia.



Some 30km from Greenville is Sapo National Park. The country's only park is located in a biodiversity hotspot and forms a significant proportion of an ecosystem of global importance. As Liberia emerges in the 21st century, private sector companies such as Hummingbird have a unique opportunity to aid and facilitate conservation in the region.



Together with the Pygmy Hippo Foundation ("PHF"), we are working to strengthen governance of the Sapo National Park and increase the number of protected areas in this region. As we look forward to 2013 and beyond, we believe that this work, in partnership with national regulatory bodies and international conservation organisations, has the potential to significantly add capacity for the conservation of this precious ecosystem.



Whilst our exploration activities currently have minimal effect on the environment, we are conscious of any impact that our work may have and we therefore follow operating procedures that are in line with international standards. Following the IFC 'mitigation hierarchy' we first aim to reduce any impact on the natural environment, and where not entirely possible we minimise and will compensate or offset our activities.

We have extensive policies and procedures to manage our impact on the natural environment. Our exploration activity standard operating procedures are grounded in the E3 (Environmental Excellence in Exploration) Standard provided by the Prospectors and Developers Association of Canada ("PDAC"). Post exploration we take steps to restore the natural environment by backfilling all trenches, ensuring that drill locations are left clean and that all waste such as drill water run-off is properly cleared, allowing the natural environment to restore these areas. As with health and safety, we take time to train all employees in environmentally responsible practices, and regularly review the impact of our operations.



Despite being of clear global significance, very little information is held on the biodiversity and ecosystem services provided by this area. As part of our progress towards mine development, Hummingbird Resources will soon commence a full Environmental and Social Impact Assessment ("ESIA") to better understand the local environment. The results of this will help to inform our own and other national and international efforts to conserve vital biodiversity and ecosystem services in the area.



# Pygmy Hippo Foundation

## Vision

In July 2011 we founded the Pygmy Hippo Foundation, a UK registered charity, dedicated to improving conservation in Liberia. Through the re-development of the Sapo National Park, enabling broader conservation initiatives in the surrounding forest areas and facilitating education programmes, the Pygmy Hippo Foundation aims to promote the conservation, preservation and protection of endangered species such as the pygmy hippo in their natural environment.



The Zoological Society of London estimates that there are less than 2,000 pygmy hippos remaining in the wild. The majority of these are believed to be located in southeast Liberia's Sapo National Park. Focusing on this flagship species, the Pygmy Hippo Foundation intends to strengthen the capacity and efforts of the Environmental Protection Agency ("EPA") and the Forestry Development

Authority ("FDA") not only in park operations, but also in raising the status of protected flora and fauna in Liberia on community, national and international levels. Central to our endeavour is partnering with government bodies as well as both local and international NGOs, and in this regard the last 12 months have seen some exciting developments.

## Sapo National Park Key Facts

- Liberia's first and only protected area
- Located in Sinoe County, South Eastern Liberia
- 1,804km<sup>2</sup>
- Home to the majority of the world's remaining pygmy hippos
- Part of the Upper Guinean forest – a biodiversity hotspot of global significance





## Progress in Our First Year

This year we have made progress in identifying and assessing the current status of the management of the park's area, and the demographics and ecosystem of the region. Our stakeholder consultations have given us a much more informed view of the shape of the future for the Foundation. Earlier this year we commissioned an international expert to undertake a scoping study of the social and environmental factors in the area in which the hippo is found. This has helped to contextualise the problem more precisely and to highlight the potential opportunities and challenges that may exist.

### Some Key Findings of the Scoping Study (January 2012):

- Very little is known about the pygmy hippo (*Choeropsis liberiensis*) due to its nocturnal and reclusive nature, and no wide-scale survey has been undertaken
- The main threats to the pygmy hippo are hunting (both commercial and traditional) and habitat loss
- Conserving the forest habitat of the pygmy hippo will have major benefits for biodiversity and ecosystem services
- Around 85% of Liberia's forest is outside of existing and proposed protected areas. Working on strengthening and expanding the protected area network, alleviating poverty (especially in rural areas) and raising awareness at all levels is vital for conservation in Liberia



In August 2012 we teamed with the Leadership for Conservation in Africa ("LCA") to investigate concept strategies for the Foundation with key stakeholders in Liberia. Government agencies, world-renowned NGOs and local NGOs with extensive experience in the Liberian conservation sector all gathered for a series of

meetings which culminated in a workshop in Monrovia to decide how best we can move the Foundation forward. Some suggestions included:

- Employment and training of existing 'traditional' foresters
- Helping to fund research activities in the area by other NGOs
- Running community education programmes
- Aiding the efforts of NGO and governmental conservation groups to formalise current plans for other proposed protected areas



The overriding concept discussed was that of a Public Private Partnership (PPP) for the management of the Sapo National Park. The partnership, supported by the LCA, would be between the PHF and the Government of Liberia. Although still in conceptual stages, it represents a very exciting opportunity. The LCA has considerable experience in national park rehabilitation and management of protected areas through their other projects in Sub-Saharan Africa. Together, the LCA and PHF are in the process of producing a full business plan for the Foundation's activities based on the concept of a PPP. Later this year the PHF is on course to sign a Memorandum of Understanding with the government to expressly codify the scope and nature of this agreement.

Finally, In October 2012, Hummingbird is hosting the Pygmy Hippo Ball at the Natural History Museum in London. This event will be a high-level platform to introduce the Pygmy Hippo Foundation to 400 guests, and to kick start the PHF's fundraising activities.

## Leadership for Conservation in Africa

The Leadership for Conservation in Africa was established by South African National Parks, with support from Gold Fields Ltd and the International Union for Conservation of Nature. It held its inaugural meeting in August 2006, and works to establish links between business and conservation.

The LCA's vision is 'to harness the collective will and capacity of business and conservation leaders for sustainable conservation-led socio-economic development in Africa.' By the year 2020, the LCA plans to save 20 million hectares of African rainforest and currently has membership from 16 African countries.

[www.lcafrica.org](http://www.lcafrica.org)



# Liberia

## Background

Liberia lies on the coast of West Africa, sharing borders with Côte d'Ivoire, Guinea and Sierra Leone. With the exception of the capital city Monrovia, it is a sparsely populated country with a total population of 4 million on a land area of over 100,000 square kilometres. Liberia was founded in 1847 by emancipated slaves from the United States and is one of only two African countries not to have roots in European colonisation. The country enjoyed more than 100 years of peace before 14 years of intermittent civil war at the end of the 20th Century. Since then there has been considerable political and economic transformation. A new Liberia is now attracting impressive international private sector investment – estimates suggest upwards of US\$17 billion since 2006.

The country has an extensive history in the natural resource sector. Since 1926 Firestone have owned and operated the world's largest rubber plantation, and before the civil war Liberia was the world's 3rd largest producer of iron ore. Today the country is focussing its efforts on reforming the economic system and rebuilding vital infrastructure to support growth. We have a huge opportunity with our 'first mover' advantage to be working in Liberia and to help develop industries far beyond their pre war levels.



The coastline north of Greenville



## Economic Growth & Political Stability

Following the peace deal in 2003, Ellen Johnson Sirleaf was the first woman in the history of Africa to become an elected head of state in 2006 and was recently re-elected for a second six-year presidential term in January 2012. Internationally, she is renowned for being a recipient of the 2011 Nobel Peace Prize, eliminating \$4bn of national debt and expanding free primary education to every child in Liberia. Since 2003, peace and national security has been maintained. During this period the country has undertaken two democratic elections and resisted the spread of violence from neighbouring Cote d'Ivoire.

In the past few years Liberia has become one of West Africa's fastest growing economies, experiencing a 6.8% increase in economic growth in 2011, up from 5.6% in 2010, and the International Monetary Fund estimates real GDP growth will rise to 8.8% in 2012. Despite this, Liberia remains one of the poorest countries in the world, and unemployment (mostly youth) stands at around 80%.

However, the government is working hard to overcome this and the private sector is set to play a central role. The government is strongly focussed on establishing a competitive investment environment – examples include a reduction in corporation tax and import duty exemptions for exploration and mining companies. Alongside such reforms, the government is committed to rebuilding infrastructure and reviving traditional sectors of economic growth such as mining and agriculture. This is supported by many international financial institutions. The World Bank alone invested US\$249.6 million in 2011. Infrastructure in Liberia is rapidly improving: expansion of the main airport is continuing, there are three operational deep-water ports, a newly rebuilt railway line and hundreds of kilometres of newly laid tarmac road, such as that between Monrovia and Buchanan which is soon to be completed. The government allocated budget to the Ministry of Public Works has been steadily increasing year on year, with a budget of US\$33 million for 2010-2011. Such investment and policy reform only makes it easier for us to operate as a company and move towards development of a mine.

### Liberia Key Facts

- Founded in 1847 by emancipated slaves from the USA
- Capital city: Monrovia
- Africa's first female president re-elected for second 6 year term in January 2012
- Three operating deep water ports, new roads and railways currently being built. World Bank invested US\$250 million into the country in 2011
- Over 9 years of peace and increasing economic growth since the civil war – the IMF predicts real GDP to increase by 8.8% in 2012
- Since 2007, Foreign Direct Investment ("FDI") of greater than US\$17 billion has flowed into the country



## Foreign Direct Investment

Liberia's high levels of FDI are largely being driven by activity in agribusiness and extractive industries. This is having positive knock-on effects for the country – overall the mining sector's contribution to GDP is estimated to have increased from 1.1% in 2010 to 6.6% in 2011. In 2007 ArcelorMittal pledged to invest US\$1.5 billion in the Nimba Iron Ore Project, and in September 2011 the company began processing iron ore at its Buchanan facilities. In March 2012 ArcelorMittal announced that it had already shipped 1 million tonnes of processed ore and predicts that it will ship a total of 4 million tonnes of ore in 2012. This initial investment is widely recognised as the catalyst for the large investments that continue to follow.

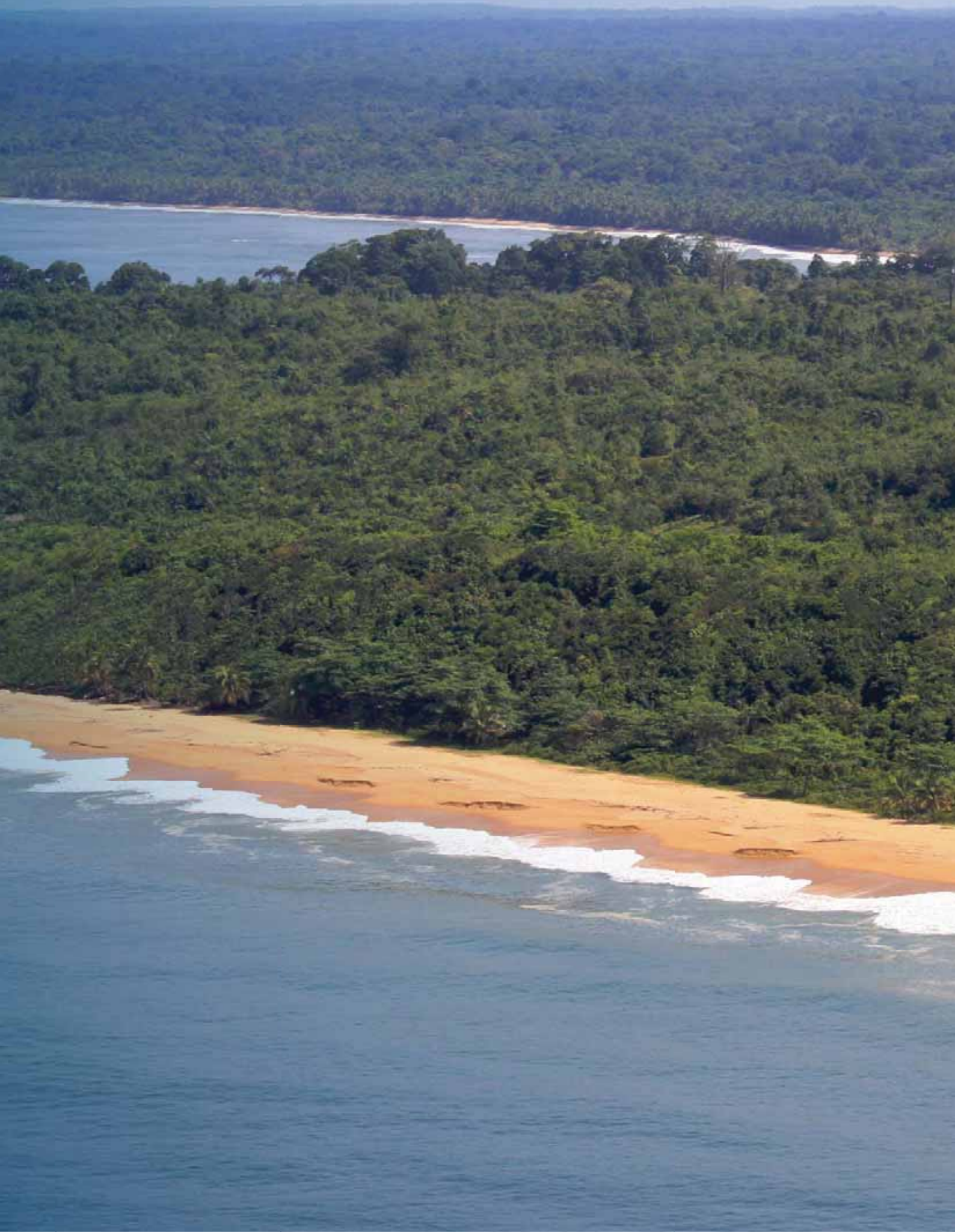
Servestral, a major Russian steel company, has recently acquired 100% ownership of the Putu Iron Ore Project in Eastern Liberia. The company has stated plans to contribute to the redevelopment of the region including constructing a new railway to the coast for the export of the ore, paving roads and renovation of the deep-water port in Greenville, Sinoe County.

In early 2012 a significant oil discovery was made offshore of Liberia, with international oil giants such as Chevron and Africa Petroleum involved in exploration work. These discoveries have the potential to further enhance the outlook for the prosperity and stability of the nation.

Good governance of such large investments is vital for the country. Liberia was one of the first African countries to be compliant with the internationally renowned Extractive Industries Transparency Initiative ("EITI") and established the Liberian EITI ("LEITI") in 2009. This is an initiative we are proud to be a part of. The Liberian government's early and continued commitment to this sends a strong signal to the international community that Liberia is open for business.

### Liberia Key Facts

- In September 2011, ArcelorMittal began extracting and processing iron ore from the Nimba project
- Significant offshore oil discovery with Chevron and Africa Petroleum currently undertaking further exploration work
- In 2011 the mining sector increased its share of the country's GDP to 6.6%, up from 1.1% in 2010
- Servestral, one of the world's largest steel companies, acquired 100% of the Putu Iron Ore Project and plans to start producing in 2017
- The Liberian Extractive Transparency Initiative continues to develop and released its third report at the end of 2011





# Financial Statements

Directors' Report

Corporate Governance Report

Directors' Responsibilities Statement

Independent Auditor's Report

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Balance Sheet

Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

Company Balance Sheet

Company Statement of Cash Flows

Company Statement of Changes in Equity

Notes to the Company Financial Statements



## Directors, Advisors and Officers

### DIRECTORS

ID Cockerill	Non-Executive Chairman
SA Betts	Non-Executive Director
MC Idiens	Non-Executive Director
RJH Smith	Non-Executive Director
DE Betts	Executive Director
WBT Cook	Executive Director
DA Pelham	Executive Director
TR Hill	Executive Director

### SECRETARY

TR Hill

### REGISTERED OFFICE

49-63 Spencer Street  
Hockley  
Birmingham  
West Midlands  
B18 6DE

### AUDITOR

Baker Tilly UK Audit LLP  
2 Whitehall Quay  
Leeds  
LS1 4HG

### SOLICITORS

Gowlings LLP  
15th Floor  
125 Old Broad Street  
London  
EC2N 1AR

### BANKERS

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PO Box 777  
Wolverhampton  
WV1 1DS

### NOMINATED ADVISER & BROKER

Liberum Capital Ltd  
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25 Ropemaker Street  
London  
EC2Y 9LY

### JOINT BROKER

Jefferies Hoare Govett  
Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ





## Directors' Report

The Directors present their report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 May 2012.

### PRINCIPAL ACTIVITIES

The Group's principal activity is the exploration, evaluation and development of mineral exploration targets, principally gold, focused exclusively in Liberia.

The subsidiary and associated undertakings principally affecting the losses or net assets of the Group in the year are listed in note 15 to the financial statements.

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The purpose of this review is to show how the Group assesses and manages risk and uncertainty and adopts appropriate policies and targets. Further details of the Group's business and expected future developments are also set out in the Chairman's Statement on pages 6 to 9, the CEO's statement on pages 10 to 15 and in the Technical and Operations Review on pages 22 to 59.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group and Company is subject to various risks relating to political, social, industry, business and financial conditions. The following risk factors, which are not exhaustive, are particularly relevant to the Company and the Group's business activities:

#### Exploration risk

There is no assurance that the Group's exploration activities will be successful, and statistically few properties that are explored are ultimately developed into producing mines.

#### Political risk

All of the Group's operational activities are located in Liberia and the Group is therefore dependent on the political and economic situation in Liberia and the wider African region. After 14 years of civil war, hostilities ceased in 2003, and Liberia has since experienced a wave of new investment, improved infrastructure, and has become one of the fastest growing economies in West Africa. However there can be no assurance that political stability will continue.

#### Licencing and title risk

The Group's exploration activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. Such licences and permits are as a practical matter subject to the discretion of the applicable government or government office. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted. The interpretations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition. Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms for their own benefit.

Additionally whilst the Group has diligently investigated title to all its licences and to the best of its knowledge, title to all is in good standing, this should not be construed as a guarantee of title. If a title defect does exist it is possible that the Group may lose all or part of its interest in the relevant properties.

#### Licence renewal and Mineral Development Agreement risk

There is a risk that negotiations with the government in relation to the renewal or extension of a licence, or the grant of a Mineral Development Agreement, may not result in the renewal, extension or grant taking effect prior to the expiry of the previous licence period, and there can be no assurance of the terms of any extension, renewal or grant.



## Directors' Report (continued)

### Financing risk

The development of the Group's properties will depend on the Group's ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed, some interests may be relinquished and/or the scope of the operations reduced.

Details about the use of financial instruments by the Company and its subsidiaries as well as exposure to financial risks are given in note 22 to the financial statements.

### KEY PERFORMANCE INDICATORS

Given the stage of development of the Group's operations, the key performance indicators used by management for monitoring progress and strategic objectives for the business are as follows:

	31 May 2012	31 May 2011
Resources – indicated (ounces Au)	1,373,000	552,000
Resources – inferred (ounces Au)	2,444,000	260,000
Resources – total (ounces Au)	3,817,000	812,000
Meters drilled (cumulative)	53,316m	27,358m
Samples collected (cumulative)	76,192	41,032
Exploration expenditure (cumulative)	\$32.5m	\$17.6m
Cash balance	\$15.5m	\$32.1m
Share price	£1.115	£1.515

### CORPORATE GOVERNANCE

The Company is subject to the corporate governance regime of the United Kingdom. The Directors acknowledge the importance of the guidelines set out in the Corporate Governance Code and the QCA Guidelines and therefore intend to comply with these so far as is appropriate having regard to the size and nature of the Company.

#### Board

The board currently comprises eight members, four of whom are executive. The board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. To enable the board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of board meetings, and all Directors have access to the advice and service of the Company Secretary. The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and they will voluntarily submit to re-election at intervals of three years.

#### Audit Committee

The audit committee comprises Matthew Idiens and Roderick Smith (Chairman). The audit committee is responsible for reviewing a wide range of financial matters including the annual and interim reports, the Company's internal control and risk management system. The audit committee's responsibilities include meeting with the Company's auditor and agreeing the scope of their audit.

#### Remuneration Committee

The remuneration committee comprises Ian Cockerill (Chairman), Matthew Idiens and Stephen Betts. The remuneration committee is responsible for reviewing the performance of the executive directors, setting their remuneration levels, determining the design and setting the targets for any incentive schemes operated by the Company for the Directors. It is also responsible for determining at which point the Company should adopt any form of share option plan, and considering the grant of options under any such plan. The board itself determines the remuneration of the non-executive directors.



## Directors' Report (continued)

### Safety, Health and Environmental Committee ("SHEC")

The SHEC comprises of Ian Cockerill (Chairman), Daniel Betts and William Cook. SHEC is responsible for formulating and reviewing the safety, health and environmental policies of the Group. It is also responsible for ensuring that all Directors are kept informed of their health and safety obligations.

### POST BALANCE SHEET EVENTS

Events after the reporting date have been disclosed in note 24 to the financial statements.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 May 2012 are set out on page 71. The Directors do not recommend payment of a dividend for the year (2011: nil).

### DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company during the year and their beneficial interests in the ordinary shares of the Company for the year were as follows:

	Number of shares at 31 May 2012	Number of shares at 31 May 2011
ID Cockerill <sup>1</sup>	531,083	491,083
SA Betts <sup>2, 4</sup>	539,100	372,600
MC Idiens	3,219,607	3,219,607
RJH Smith	41,130	41,130
DE Betts <sup>3, 4</sup>	4,476,648	4,356,648
WBT Cook	287,150	287,150
DA Pelham	2,325	-

1 – ID Cockerill's interests are held by family trusts in which he has a beneficial interest.

2 – SA Betts's interests consist of 109,000 shares held by SA Betts, 92,500 shares held by Caroline Betts, 157,600<sup>4</sup> shares held by Stephen Betts & Sons Limited, and 180,000<sup>4</sup> shares held by the Stephen Betts & Sons Limited (Self Administered) Pension Scheme.

3 – DE Betts's interest consists of 4,139,048 shares held by DE Betts, 157,600<sup>4</sup> shares held by Stephen Betts & Sons Limited, and 180,000<sup>4</sup> shares held by the Stephen Betts & Sons Limited (Self Administered) Pension Scheme.

4 – The 157,600 shares held by Stephen Betts & Sons Limited and 180,000 shares held by Stephen Betts & Sons Limited (Self Administered) Pension Scheme are included in both SA Betts and DE Betts.

On 18 July 2012 TR Hill was appointed as a Director of the Company.



## Directors' Report (continued)

The Directors' interests in the share options of the Company at 31 May 2012 were as follows:

	Options at 1 June 2011	Options granted during the year	Options at 31 May 2012	Exercise Price	Date of grant	First date of exercise	Final date of exercise
ID Cockerill	-	20,000	20,000	£1.25	27/06/2011	27/06/2012	27/06/2021
ID Cockerill	-	20,000	20,000	£1.25	27/06/2011	27/06/2013	27/06/2021
SA Betts	337,500	-	337,500	£0.486	26/10/2010	24/12/2011	25/10/2020
SA Betts	-	16,500	16,500	£1.25	27/06/2011	27/06/2012	27/06/2021
SA Betts	-	16,500	16,500	£1.25	27/06/2011	27/06/2013	27/06/2021
MC Idiens	450,000	-	450,000	£0.486	26/10/2010	24/12/2011	25/10/2020
MC Idiens	-	16,500	16,500	£1.25	27/06/2011	27/06/2012	27/06/2021
MC Idiens	-	16,500	16,500	£1.25	27/06/2011	27/06/2013	27/06/2021
RJH Smith	270,000	-	270,000	£0.486	26/10/2010	24/12/2011	25/10/2020
RJH Smith	-	16,500	16,500	£1.25	27/06/2011	27/06/2012	27/06/2021
RJH Smith	-	16,500	16,500	£1.25	27/06/2011	27/06/2013	27/06/2021
DE Betts	1,250,000	-	1,250,000	£0.486	26/10/2010	24/12/2011	25/10/2020
DE Betts	-	42,000	42,000	£1.25	27/06/2011	27/06/2012	27/06/2021
DE Betts	-	42,000	42,000	£1.25	27/06/2011	27/06/2013	27/06/2021
WBT Cook	675,000	-	675,000	£0.486	26/10/2010	24/12/2011	25/10/2020
WBT Cook	-	38,500	38,500	£1.25	27/06/2011	27/06/2012	27/06/2021
WBT Cook	-	38,500	38,500	£1.25	27/06/2011	27/06/2013	27/06/2021
DA Pelham	225,000	-	225,000	£0.486	26/10/2010	24/12/2011	25/10/2020
DA Pelham	-	32,500	32,500	£1.25	27/06/2011	27/06/2012	27/06/2021
DA Pelham	-	32,500	32,500	£1.25	27/06/2011	27/06/2013	27/06/2021
<b>Total</b>	<b>3,207,500</b>	<b>365,000</b>	<b>3,572,500</b>				

## DIRECTORS' REMUNERATION

	Directors emoluments for the year ended 31 May 2012 \$'000	Directors emoluments for the year ended 31 May 2011 \$'000
ID Cockerill	64	52
SA Betts	51	47
MC Idiens	54	49
RJH Smith	52	40
DE Betts	218	129
WBT Cook	202	118
DA Pelham	169	165
<b>Total Directors' remuneration</b>	<b>810</b>	<b>600</b>

The remuneration committee are in the process of determining the design and setting the targets of a performance based incentive scheme for the executive Directors.

Additionally DA Pelham is entitled to a discovery bonus based on \$0.10 cents per proved/probable resource ounce.



## Directors' Report (continued)

### DIRECTORS' INDEMNITIES

The Company has obtained third party indemnity provisions for the benefit of its Directors and Officers.

### SUPPLIER PAYMENT POLICY

It is the Group's policy to make payments, where possible, to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. Trade payables of the Group at 31 May 2012 were equivalent to 35 (2011: 27) days' purchases, based on the average daily amount invoiced by suppliers during the year.

### CHARITABLE AND POLITICAL DONATIONS

The Company has made charitable donations to The Pygmy Hippo Foundation of \$118,000 (2011: \$nil) during the year. The Company has not made any payments to political parties during the year (2011: \$nil).

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Baker Tilly UK Audit LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This Directors' Report comprising pages 63 to 67 has been approved by the Board and signed on its behalf by:

DE Betts  
Director

20 September 2012

Registered Office:  
49-63 Spencer Street, Hockley, Birmingham, B18 6DE  
Company registered in England and Wales 05467327



## Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Hummingbird Resources plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.



## Independent Auditor's Report to Members of Hummingbird Resources plc

We have audited the consolidated and parent Company financial statements ("the financial statements") which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### OPINION ON FINANCIAL STATEMENTS

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 May 2012 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to Members of Hummingbird Resources plc (continued)

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Allchin (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
2 Whitehall Quay  
Leeds  
LS1 4HG

20 September 2012





## Consolidated Income Statement for the year ended 31 May 2012

	Notes	2012 \$'000	2011 \$'000
<b>Continuing operations</b>			
Revenue		-	-
Profit on deemed disposal	12	588	425
Share-based payments	20	(1,139)	(1,141)
Other administrative expenses		(3,147)	(2,588)
<b>Administrative expenses</b>	5	<b>(3,698)</b>	(3,304)
Finance income	8	263	723
Finance expense	9	(674)	-
Share of joint venture loss	12	(46)	(29)
<b>Loss before tax</b>		<b>(4,155)</b>	(2,610)
Tax	10	-	-
<b>Loss for the year attributable to equity holders of the parent</b>		<b>(4,155)</b>	(2,610)
<b>Loss per ordinary share</b>			
Basic and diluted (\$ cents)	11	(7.78)	(5.79)



## Consolidated Statement of Comprehensive Income

for the year ended 31 May 2012

	<b>2012</b> <b>\$'000</b>	<b>2011</b> <b>\$'000</b>
<b>Loss for the year</b>	<b>(4,155)</b>	(2,610)
<b>Other comprehensive income</b>		
Exchange translation differences on foreign operations	-	-
<b>Total comprehensive loss for the year attributable to equity holders of the parent</b>	<b>(4,155)</b>	(2,610)



## Consolidated Balance Sheet

as at 31 May 2012

	Notes	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets	13	32,522	17,582
Property, plant and equipment	14	1,363	1,647
Investment in joint venture	12	936	394
		<b>34,821</b>	19,623
<b>Current assets</b>			
Trade and other receivables	16	851	417
Amounts due from joint venture	12	35	-
Cash and cash equivalents	16	15,503	32,112
		<b>16,389</b>	32,529
<b>Total assets</b>		<b>51,210</b>	52,152
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	2,602	1,573
Amounts due to joint venture	12	1,139	354
<b>Total liabilities</b>		<b>3,741</b>	1,927
<b>Net assets</b>		<b>47,469</b>	50,225
<b>Equity</b>			
Share capital	19	855	854
Share premium		41,922	41,881
Retained earnings		4,692	7,490
<b>Equity attributable to equity holders of the parent</b>		<b>47,469</b>	50,225

The financial statements of Hummingbird Resources plc were approved by the Board of Directors and authorised for issue on 20 September 2012. They were signed on its behalf by:

DE Betts  
Director

Company number 05467327

The notes on pages 76 to 95 form part of these financial statements.



## Consolidated Statement of Cash Flows

for the year ended 31 May 2012

	Notes	2012 \$'000	2011 \$'000
<b>Net cash outflow from operating activities</b>	21	<b>(2,201)</b>	(1,651)
<b>Investing activities</b>			
Purchases of intangible exploration and evaluation assets		<b>(13,391)</b>	(10,398)
Purchases of property, plant and equipment		<b>(593)</b>	(1,532)
Interest received		<b>208</b>	31
<b>Net cash used in investing activities</b>		<b>(13,776)</b>	(11,899)
<b>Financing activities</b>			
Net proceeds from issue of shares		<b>42</b>	37,411
<b>Net cash from financing activities</b>		<b>42</b>	37,411
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(15,935)</b>	23,861
Effect of foreign exchange rate changes		<b>(674)</b>	682
<b>Cash and cash equivalents at beginning of year</b>		<b>32,112</b>	7,569
<b>Cash and cash equivalents at end of year</b>		<b>15,503</b>	32,112



## Consolidated Statement of Changes in Equity

for the year ended 31 May 2012

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
<b>As at 1 June 2010</b>	13	16,692	(2,422)	14,283
Issue of shares	241	40,274	-	40,515
Expenses of issue of equity shares	-	(3,104)	-	(3,104)
Bonus issue (see note 19)	600	(600)	-	-
Capital reduction (see note 19)	-	(11,381)	11,381	-
Share based payments	-	-	1,141	1,141
Total comprehensive loss for the year	-	-	(2,610)	(2,610)
<b>As at 1 June 2011</b>	854	41,881	7,490	50,225
Issue of shares	1	41	-	42
Share based payments	-	-	1,357	1,357
Total comprehensive loss for the year	-	-	(4,155)	(4,155)
<b>As at 31 May 2012</b>	<b>855</b>	<b>41,922</b>	<b>4,692</b>	<b>47,469</b>



# Notes to the Consolidated Financial Statements for the year ended 31 May 2012

## 1 GENERAL INFORMATION

Hummingbird Resources plc (the 'Company'), is incorporated in Great Britain 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 exploration targets, principally gold, focused exclusively in Liberia.

## 2 ADOPTION OF NEW AND REVISED STANDARDS

The financial statement have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 May 2011.

In the current year, the following new and revised Standards have been adopted. The adoption of these standards, interpretations and amendments did not materially impact the Group.

### International Financial Reporting Interpretations (IFRIC)

IFRIC 19	<i>Extinguishing financial liability with equity instruments</i>
IFRIC 14	<i>Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction</i>

The following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been endorsed by the EU). The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Company or the Group.

IFRS 1 (amended)	<i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
IFRS 1 (amended)	<i>Government Loans</i>
IFRS 7 (amended)	<i>Disclosures – Transfers of Financial Assets</i>
IFRS 7 (amended)	<i>Offsetting Financial Assets and Financial Liabilities</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>
IAS 12 (amended)	<i>Deferred Tax: Recovery of Underlying Assets</i>
IAS 1 (amended)	<i>Presentation of Items of Other Comprehensive Income</i>
IAS 19 (amended)	<i>Employee benefits</i>
IAS 27	<i>Separate Financial Statements</i>
IAS 28	<i>Investments in Associates and Joint Ventures</i>
IAS 32 (amended)	<i>Presentation – Offsetting Financial Assets and Financial Liabilities</i>
IFRIC 20	<i>Stripping costs in the production phase of a surface mine</i>

## 3 SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The financial statements have been 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 ('EU') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted are set out below.

The functional currency of all companies in the Group is United States dollar ('\$'). The financial statements are presented in thousands of United States dollars ('\$'000'). For reference the year end exchange rate from sterling to \$ was 1.5576 (2011: \$1.6472).



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Going concern

The Directors have reviewed forecasts and budgets based on current expected levels of expenditure and have concluded that the Group has sufficient funds available to meet its commitments for at least the next 12 months.

The Directors regularly review the funding position of the Group and its cash flow forecasts. As a significant proportion of costs are discretionary, the Directors are able to take action to reduce expenditures should this be necessary.

The development of the Group's properties through to production and revenue generation will depend on the Group's ability to obtain financing through the raising of equity capital, joint venture of projects, debt financing, farm outs or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed, some interests may be relinquished and/or the scope of the operations reduced.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling parties' interests in the subsidiaries equity are allocated against the interest of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

#### Joint ventures

Where the Group holds an interest in a jointly controlled entity, it accounts for its interest using the equity method. Under the equity method, the investment in the jointly controlled entity is recognised at cost and the carrying amount is increased or decreased to recognise Group's share of the profit or loss of the joint venture after the date of recognition.

Where the Group contributes or sells assets to a joint venture in exchange for an equity interest in the jointly controlled entity, the Group recognises in profit and loss for the period the proportion of the gain or loss attributable to the equity interests of the other venturers.

#### Leasing

Rentals payable by the group under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

#### Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in US Dollars ('\$'), which is the functional currency of all of the entities in the group, and the presentation currency for the consolidated financial statements.

Exchange differences are recognised in the profit or loss in the period in which they arise.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### Property, plant and equipment

Property, plant and equipment ('PP&E') are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation and amortisation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Development assets – vehicles	33.3%
Development assets – other	33.3%
Other	33.3%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

#### Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.





## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Intangible exploration and evaluation assets

The Group applies the full cost method of accounting for Exploration and Evaluation ('E&E') costs, having regard to the requirements of IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Under the full cost method of accounting, costs of exploring for and evaluating mineral resources are accumulated by reference to appropriate cost centres being the appropriate licence area, but are tested for impairment on a cost pool basis as described below.

E&E assets comprise costs of (i) E&E activities that are ongoing at the balance sheet date, pending determination of whether or not commercial reserves exist and (ii) costs of E&E that, whilst representing part of the E&E activities associated with adding to the commercial reserves of an established cost pool, did not result in the discovery of commercial reserves.

Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the income statement as they are incurred.

#### Exploration and Evaluation costs

All costs of E&E are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible E&E assets.

Such costs include directly attributable overheads, including the depreciation of property plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

#### Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined. If commercial reserves have been discovered, the related E&E assets are assessed for impairment on a cost pool basis as set out below and any impairment loss is recognised in the income statement. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as development and production assets.

#### Impairment of E&E assets

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 *Exploration for and Evaluation of Mineral Resources* and include the point at which a determination is made as to whether or not commercial reserves exist.

Where there are indications of impairment, the E&E assets concerned are tested for impairment. Where the E&E assets concerned fall within the scope of an established full cost pool, the E&E assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The aggregate carrying value is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. Where the E&E assets to be tested fall outside the scope of any established cost pool, there will generally be no commercial reserves and the E&E assets concerned will generally be written off in full.

Any impairment loss is recognised in the income statement as additional depreciation and amortisation, and separately disclosed.

The Group considers the whole of Liberia to be one cost pool and therefore aggregates all Liberian assets for the purposes of determining whether impairment of E&E assets has occurred.

#### Financial instruments

##### *Recognition of financial assets and financial liabilities*

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

##### *Derecognition of financial assets and financial liabilities*

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

#### Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

#### Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resource will result and that outflow can be reliably measured.

#### Rehabilitation

Provisions are made for the estimated rehabilitation costs relating to areas disturbed during exploration activities up to reporting date but not yet rehabilitated. Changes in estimate are dealt with on a prospective basis as they arise.

#### Share-based payments

The Group has applied *IFRS 2 Share-based Payment* for all grants of equity instruments.

The Group has used shares and share options as consideration for goods and services received from suppliers and employees.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Equity-settled share-based payments to employees and others providing similar services are measured at fair value at the date of grant. The fair value determined at the grant date of such an equity-settled share-based instrument is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. The corresponding amount is credited to retained earnings.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably or excess fair value of the identifiable goods or services received, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair value determined at the grant date of such an equity-settled share-based instrument is expensed since the shares vest immediately. Where the services are related to the issue of shares, the fair values of these services are offset against share premium.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors.

The Board of Directors consider there to be only one operating segment, the exploration and development of mineral resources, and only one geographical segment, being Liberia. Therefore, no additional segmental information is presented.

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Recoverability of exploration and evaluation assets

Determining whether an exploration and evaluation asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IFRS 6 *Exploration for and Evaluation of Mineral Resources*. As exploration and evaluation assets are assessed for impairment on a cost pool basis the existence and quantum of any impairment is dependent on the choice of basis of cost pools. If there is any indication of potential impairment, an impairment test is required based on value in use of the asset. This assessment involves judgement as to: (i) the likely future commerciality of each cost pool of assets; (ii) when such commerciality should be determined, and (iii) the potential future revenues and value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

#### Share-based payments

In order to calculate the charge for share-based compensation for the options granted on 26 October 2010 and on 27 June 2011 as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 20.

The critical judgements made in these estimates were for the share options granted on 26 October 2010: The share price on the date of grant which was estimated at £0.486 (adjusted for share consolidation) being the price of the most recent share issue at the date of grant; and the expected volatility of share price which was estimated based on other quoted exploration companies. The critical judgement for the share options granted on 27 June 2011 was the expected volatility of the share price which was estimated based on the Company's own historic volatility and those of other quoted exploration companies.

### 5 ADMINISTRATIVE EXPENSES BY NATURE

	2012 \$'000	2011 \$'000
Depreciation of property, plant and equipment (note 14)	112	37
Staff costs excluding share based payments	1,563	1,107
Net foreign exchange (gains)/losses	(5)	18
Audit fees (note 6)	44	58
Non audit fees payable to associates of the Company's auditor (note 6)	7	79
Communications and IT	62	42
Insurance	51	25
Marketing	284	97
Charitable donations	118	-
Office expenses	187	149
Professional and consultancy	452	732
Travel and accommodation	237	209
Bank charges	35	35
Share based payments	1,139	1,141
Profit on deemed disposal (note 12)	(588)	(425)
	<b>3,698</b>	<b>3,304</b>



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 6 AUDITOR'S REMUNERATION

Amounts payable to Baker Tilly UK Audit LLP and its associates in respect of both audit and non-audit services:

	2012 \$'000	2011 \$'000
<b>Audit fees</b>		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	44	50
Under accrual for prior year audit	-	8
<b>Total audit fees</b>	<b>44</b>	<b>58</b>
<b>Non-audit fees payable to associates of the Company's auditor</b>		
Taxation services	7	12
Corporate finance fees in relation to IPO*	-	93
<b>Total non-audit fees</b>	<b>7</b>	<b>105</b>

\*\$26,000 of these fees have been charged to share premium in the prior period.

### 7 STAFF COSTS

The average monthly number of employees and Directors was:

	2012 Number	2011 Number
Directors	7	7
Other employees	202	106
	<b>209</b>	<b>113</b>
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
Their aggregate remuneration comprised:		
Wages and salaries	3,133	1,658
Social security costs	334	409
Pension	51	-
Share based payments	1,321	1,100
	<b>4,839</b>	<b>3,167</b>

Within wages and salaries, \$779,000 (2011: \$565,000) relates to amounts paid to Directors. Included within staff costs, is \$2,137,000 (2011: \$960,000) capitalised to intangible exploration and evaluation assets.

Included within social security costs is a provision of \$116,000 (2011: \$308,000) for the potential employer's social security contributions in respect of the share options issued to employees and Directors.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 8 FINANCE INCOME

	2012 \$'000	2011 \$'000
Interest on bank deposits	263	41
Foreign exchange gain	-	682
	<b>263</b>	<b>723</b>

The foreign exchange gain arose on non functional currency bank deposits.

### 9 FINANCE EXPENSE

	2012 \$'000	2011 \$'000
Foreign exchange loss	674	-
	<b>674</b>	<b>-</b>

The foreign exchange loss arose on non functional currency bank deposits.

### 10 TAX

The taxation charge for the year can be reconciled to the loss per the income statement as follows:

	2012 \$'000	2011 \$'000
<b>Loss before tax</b>	<b>(4,155)</b>	(2,610)
<b>Tax credit at the rate of tax 26% (2011:28%)</b>	<b>(1,080)</b>	(731)
Tax effect of non-deductible expenses	3	2
Items not subject to tax	(152)	(119)
Deferred tax asset not recognised	1,229	849
Effect of overseas tax rates	-	(1)
<b>Tax expense and effective tax rate for the year</b>	<b>-</b>	<b>-</b>



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 11 LOSS PER ORDINARY SHARE

Basic loss per Ordinary share is calculated by dividing the net loss for the year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the prior periods presented has been adjusted in accordance with IAS 33. The adjustment reflects the 44 for 1 bonus issue that took place on 23 November 2010 as described in note 19. The adjustment is made retrospectively as if the bonus issue took place at the start of the relevant comparative period.

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

	2012 \$'000	2011 \$'000
<b>Losses</b>		
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent	(4,155)	(2,610)
<b>Number of shares</b>		
	2012 Number	2011 Number
Weighted average number of Ordinary shares for the purposes of basic loss per share	53,367,031	45,073,464
<b>Loss per Ordinary share</b>		
	2012 \$ cents	2011 \$ cents
Basic and diluted	(7.78)	(5.79)

At the balance sheet date there were 4,369,255 (2011: 3,510,000) potentially dilutive ordinary shares. Potentially dilutive ordinary shares include share options issued to employees and Directors and the conditional acquisition of the 20% interest in the Joe Village licence, which it did not previously own as described in note 19. In 2012 the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated.

### 12 JOINT VENTURE

On 24 January 2011, the Company together with its wholly owned subsidiary Iron Bird Resources Inc ("Iron Bird"), entered into an agreement with Petmin Limited ("Petmin") relating to the Group's Mount Ginka licence for exploration of iron ore in northern Liberia. Petmin Limited has been listed on the JSE since 1986 and the London Stock Exchange's Alternative Investment Market (AIM) since 2006. Ian Cockerill is executive chairman of Petmin Limited.

The key terms of this agreement were:

- The Mount Ginka licence would be transferred to Iron Bird
- Iron Bird would issue new shares equivalent to 15% of its issued share capital to Petmin for a consideration of \$500,000
- Subject to meeting certain criteria, Petmin were obliged to invest a further \$1,500,000 in Iron Bird, to increase its shareholding to 50%

Iron Bird was incorporated by the company for the purpose of this transaction and the substance of this transaction was that the Group contributed the Mount Ginka license in exchange for a share in the joint venture.

As a result of this transaction Iron Bird ceased to be a subsidiary and became a joint venture. Therefore the disposal of a subsidiary and the recognition of a joint venture using the equity method has been reflected in the financial statements.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 12 JOINT VENTURE CONTINUED

On 27 June 2011 Petmin invested \$1,500,000 in Iron Bird and as a result was issued new shares in Iron Bird equivalent of 35% of its issued share capital to increase its stake in Iron Bird to 50% of its issued share capital.

The profit on the deemed disposal of Iron Bird was determined as follows:

	24 January 2011 \$'000
<b>Group's 100% interest pre transaction:</b>	
Non-current assets	110
Amounts due to Hummingbird Resources (Liberia) Inc	(112)
Net liabilities at the date of disposal	(2)
<b>Group's 85% interest post transaction:</b>	
Cost of investment	-
Share of joint venture assets and liabilities	423
<b>Gain on deemed disposal</b>	<b>425</b>
<b>Investment in joint venture:</b>	<b>\$'000</b>
On the date of recognition of investment in joint venture	423
Share of joint venture results for the period	(29)
<b>Investment in joint venture as at 31 May 2011</b>	<b>394</b>
Share of joint venture results for the period to 27 June 2011	(6)
<b>Investment in joint venture pre second phase investment on 27 June 2011 (85%)</b>	<b>388</b>
Share of joint venture assets and liabilities post transaction (50%)	976
<b>Gain on deemed disposal of 35%</b>	<b>588</b>
Share of joint venture assets post transaction	976
Share of joint venture results for the period from 27 June 2012 to 31 May 2012	(40)
<b>Investment in joint venture as at 31 May 2012</b>	<b>936</b>

The Group's interest in the joint venture as at the 31 May 2012 is set out below:

	\$'000
Share of:	
Non-current assets	513
Current assets	631
Current liabilities	(208)
<b>Net assets</b>	<b>936</b>

As at 31 May 2012 \$1,139,000 (2011: \$354,000) was due from the Company and Group to the joint venture. As at 31 May 2012 \$35,000 (2011: \$nil) was due from the joint venture to the Company and Group.

The joint venture had no revenue in the period.

Both Petmin and the Company have the option to contribute equally to future fundraisings.





## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 13 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	\$'000
<b>Cost</b>	
<b>At 1 June 2010</b>	6,801
Additions	10,891
Disposal of subsidiary (see note 12)	(110)
<b>At 1 June 2011</b>	17,582
Additions	14,940
<b>At 31 May 2012</b>	32,522

Additions to intangible exploration and evaluation assets during the year include \$748,000 (2011: \$493,000) of capitalised depreciation of property, plant and equipment used in exploration and evaluation activities.

### 14 PROPERTY, PLANT AND EQUIPMENT

	Development assets – vehicles \$'000	Development assets – other \$'000	Other \$'000	Total \$'000
<b>Cost</b>				
<b>At 1 June 2010</b>	488	427	94	1,009
Additions	998	263	271	1,532
<b>At 1 June 2011</b>	1,486	690	365	2,541
Additions	92	455	61	608
Disposals	(55)	-	-	(55)
<b>At 31 May 2012</b>	<b>1,523</b>	<b>1,145</b>	<b>426</b>	<b>3,094</b>
<b>Accumulated depreciation</b>				
<b>At 1 June 2010</b>	190	123	51	364
Charge for the year	297	178	55	530
<b>At 1 June 2011</b>	487	301	106	894
Charge for the year	451	289	120	860
Disposals	(23)	-	-	(23)
<b>At 31 May 2012</b>	<b>915</b>	<b>590</b>	<b>226</b>	<b>1,731</b>
<b>Carrying amount</b>				
<b>At 31 May 2012</b>	<b>608</b>	<b>555</b>	<b>200</b>	<b>1,363</b>
<b>At 31 May 2011</b>	999	389	259	1,647

Of the property, plant and equipment depreciation charged in the year \$748,000 (2011: \$493,000) was capitalised into intangible exploration and evaluation assets, with the balance being charged to the income statement.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 15 SUBSIDIARIES

The Company had investments in the following subsidiary undertakings as at 31 May 2012, which principally affected the losses and net assets of the Group:

Name	Country of incorporation and operation	Proportion of voting interest %	Activity
<b>Directly held</b>			
Hummingbird Resources (Liberia) Inc	Liberia	100	Exploration
Afro Minerals Inc	Liberia	80	Exploration
Golden Grebe Mining Limited	United Kingdom	100	Holding Company
<b>Indirectly held</b>			
Deveton Mining Company	Liberia	80	Exploration
Sinoe Exploration Limited	Liberia	90	Exploration
Hummingbird Security Limited	Liberia	100	Security

### 16 OTHER FINANCIAL ASSETS

#### Trade and other receivables

	2012 \$'000	2011 \$'000
Other receivables	260	26
VAT recoverable	96	150
Prepayments and accrued income	495	241
	<b>851</b>	417

The Directors consider that the carrying amount of the remaining other receivables approximates their fair value and none of which are past due.

#### Cash and cash equivalents

Cash and cash equivalents as at 31 May 2012 of \$15,503,000 (2011: \$32,112,000) comprise cash held by the Group. The Directors consider that the carrying amount of these assets approximates their fair value.

### 17 DEFERRED TAX

Differences between IFRS and statutory tax rules give rise to temporary differences between the carrying values of certain assets and liabilities for financial reporting purposes and for income tax purposes.

At 31 May 2012, the Group has unrecognised deferred tax assets of \$1,676,000 (2011: \$880,000) in respect of UK and Liberian tax losses. No deferred tax asset has been recognised in respect of these amounts as the recovery is dependent on the future profitability, the timing and the certainty of which cannot reasonably be foreseen.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 18 TRADE AND OTHER PAYABLES

	2012 \$'000	2011 \$'000
Trade payables	1,393	941
Other taxes and social security	201	79
Accruals	992	548
Other payables	16	5
	<b>2,602</b>	1,573

The average credit period taken for trade purchases is 35 days (2011: 27 days). Where possible the Group seeks to settle agreed payables within the contractual timeframe.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

#### Operating lease commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2012 \$'000	2011 \$'000
Within one year	118	121
In the second to fifth years inclusive	121	177
After five years	48	64
	<b>287</b>	362

Operating lease payments represent rentals payable by the Group for properties located in Liberia and the head office in the UK.

### 19 SHARE CAPITAL

#### Authorised share capital

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

#### Issued equity share capital

	2012		2011	
	Number	\$'000	Number	\$'000
<b>Issued and fully paid</b>				
Ordinary shares of £0.01 each	53,410,565	855	53,355,565	854



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 19 SHARE CAPITAL CONTINUED

The Company has one class of Ordinary shares which carry no right to fixed income.

	Ordinary Shares of £0.01 Number
<b>At 1 June 2011</b>	828,362
Allotment of shares pre IPO	18,295
Bonus issue (a)	37,252,908
Allotment of shares at IPO (b)	15,256,000
<b>At 1 June 2011</b>	53,355,565
Share options exercised (c)	55,000
<b>At 31 May 2012</b>	<b>53,410,565</b>

#### (a) Bonus issue and capital reduction

On 23 November 2010 the Company, by means of a bonus issue out of share premium, issued 37,252,908 ordinary shares of £0.01 each credited as fully paid to and among all shareholders in the proportion of 44 new shares for every existing share held. This resulted in share capital increasing by \$600,000, representing the nominal value of these shares.

On 23 November 2010, the capital of the Company was reduced through the reduction by \$11,381,000 of share premium from \$16,381,000 to a balance of \$5,000,000.

Both the bonus issue and capital reduction were necessary to enable the Company to re-register as a public limited company.

#### (b) Allotment of shares at IPO

On 10 December 2010 the company was admitted to trading on AIM and issued 15,256,000 ordinary shares of £0.01 each at a price of £1.67 per share, raising gross proceeds of £25,478,000 (\$40,223,000).

#### (c) Share options exercised

55,000 share options were exercised during the year raising gross proceeds £27,000 (\$42,000).

On 29 February 2012 the Group entered into a conditional agreement to acquire the 20% interest in its Joe Village licence, which it did not previously own, for 103,255 ordinary shares in the Company. At the year end the acquisition had not yet completed and the shares had not been issued.

### 20 SHARE BASED PAYMENTS

	2012 \$'000	2011 \$'000
Share based payment charge for share options granted 27 June 2011	654	-
Share based payment charge for share options granted 26 October 2010	703	791
Issue of 10,000 (pre bonus issue) shares to Ian Cockerill	-	350
<b>Total share based payment charge</b>	<b>1,357</b>	1,141

Included within share based payments, is \$218,000 (2011: nil) capitalised to intangible exploration and evaluation assets.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 20 SHARE BASED PAYMENTS CONTINUED

#### Equity settled share-based payments granted in the year to 31 May 2012

On 27 June 2011 the Company granted 1,023,000 share options to certain Directors, employees and consultants.

Total number of share options granted	1,023,000
Exercise price of the options	£1.25
Exercise period:	
Tranche 1 - 27 June 2012 and 27 June 2021	511,500
Tranche 2 - 27 June 2013 and 27 June 2021	511,500
Number of share options lapsed during the current period	212,000
Number of share options outstanding as at 31 May 2012	811,000

The fair value of equity settled share options granted was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The expected volatility was determined based on the volatility of similar quoted companies as well as the Company's own historic volatility from listing on AIM.

The table below lists the principal assumptions and inputs to the model used for options granted on the 27 June 2011:

Share price at the date of grant	\$1.978 (£1.24)
Expected dividend yield	nil
Expected volatility	70%
Expected life	5 years
Risk free interest rate	1.87%

#### Equity settled share-based payments granted in the year to 31 May 2011

On 26 October 2010 the Company granted 78,000 share options with an exercise price of £21.875. On 23 November 2010 as a result of the Bonus Issue the Company adjusted the options granted, to increase the number of ordinary shares over which options were held by an additional 44 options for every 1 option held and to decrease the exercise price by a factor of 45 such that the option holders were in the same economic position as before the bonus issue. As a result there were 3,510,000 options outstanding as of 31 May 2011 with an exercise price of £0.48611 each. These share options are exercisable in the period between 24 December 2011 and 26 October 2020. These share options issued to employees and Directors normally lapse on cessation of employment or holding office.

Total number of share options granted (post bonus issue)	3,510,000
Exercise price of the options	£0.48611
Exercise period - 24 December 2011 and 26 October 2020	3,510,000
Number of share options exercised in the period	55,000
Number of share options lapsed during the current period	-
Number of share options outstanding as at 31 May 2012	3,455,000

The fair value of equity settled share options granted was estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The expected volatility was determined based on the volatility of similar quoted companies as the Company was not quoted at the time.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 20 SHARE BASED PAYMENTS CONTINUED

The table below lists the principal assumptions and inputs to the model used for options granted on the 26 October 2010:

Share price at the date of grant	\$0.778 (£0.486)
Expected dividend yield	nil
Expected volatility	65%
Expected life	5 years
Risk free interest rate	3%

### 21 NOTES TO THE STATEMENT OF CASH FLOWS

	2012 \$'000	2011 \$'000
<b>Loss before tax</b>	<b>(4,155)</b>	(2,610)
Adjustments for:		
Depreciation of property, plant and equipment	112	37
Share based payments	1,139	1,141
Profit on deemed disposal	(588)	(425)
Finance income	(263)	(723)
Finance expense	674	-
Share of joint venture loss	46	29
<b>Operating cash flows before movements in working capital</b>	<b>(3,035)</b>	(2,551)
Increase in receivables	(196)	(165)
Increase in payables	280	599
(Increase)/decrease in amounts due from joint venture	(35)	112
Increase in amounts due to joint venture	785	354
<b>Net cash outflows from operating activities</b>	<b>(2,201)</b>	(1,651)

Cash and cash equivalents (which are presented as a single class of assets on the balance sheet) comprise cash in hand, cash at bank and short term bank deposits with an original maturity of three months or less. The carrying value of these assets is approximately equal to their fair value.

### 22 FINANCIAL INSTRUMENTS

In common with all other businesses, the Group and Company are exposed to risks that arise from its use of financial instruments. This note describes the Group's and Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

#### Capital

The Company and Group define capital as share capital, share premium and retained earnings. In managing its capital, the Group's primary objective is to provide a return to its equity shareholders through capital growth. Going forward the Group will seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long term operational and strategic objectives.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 22 FINANCIAL INSTRUMENTS CONTINUED

#### Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

#### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the Consolidated Financial Statements.

#### Principal financial instruments

The principal financial instruments used by the Group from which financial risk arises are as follows:

	2012 \$'000	2011 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	15,503	32,112
Other receivables	356	176
	<b>15,859</b>	<b>32,288</b>
<b>Financial liabilities</b>		
Trade payables	1,393	941
Other payables	16	5
Amounts due to joint venture	1,139	354
	<b>2,548</b>	<b>1,300</b>

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. Whilst retaining ultimate responsibility for these, the board has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies set.

The overall objective of the board is to set policies that seek to reduce risk as far as practical without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk arises principally from the Group's investment in cash deposits. The Group seeks to deposit funds with reputable financial institutions until such time as it is required.

The Group does not have any significant credit risk exposure on trade and other receivables.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

#### Liquidity risk

Liquidity risk arises from the Group and Company's management of working capital and the amount of funding committed to its exploration programme. It is the risk that the Group or Company will encounter difficulty in meeting its financial obligations as they fall due.



## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 22 FINANCIAL INSTRUMENTS CONTINUED

The Group and Company's policy is to ensure that sufficient funds will be available to allow it to meet its liabilities as they fall due. To achieve this, the Board receives cash flow projections as well as information regarding available cash balances on a regular basis. The Board will not commit to material expenditures prior to being satisfied that sufficient funding is available.

The Group's financial liabilities are not significant and therefore no maturity analysis has been presented. All financial liabilities held by the Group are non-interest bearing.

#### Foreign exchange risk and foreign currency risk management

The Group is exposed to foreign exchange risk through certain of its costs being denominated in currencies other than the functional currency (in particular Sterling), and from holding Sterling cash balances.

Although the Group has no formal policy in respect of foreign exchange risk, as the majority of the Group's forecast expenditures are in US Dollars and Sterling, the Group holds the majority of its funds in these two currencies. Currency exposures are monitored on a monthly basis.

The carrying amounts of the Group's and Company's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Euros ('€')	67	40	41	23
Sterling ('GBP')	392	169	8,177	15,550
Canadian Dollars ('CAD')	-	13	8	1
South African Rand ('ZAR')	-	-	30	-

#### Foreign currency sensitivity analysis

The Group is exposed primarily to movements in GBP against the \$. Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the \$ and GBP. The analysis is based on a weakening and strengthening of the \$ by 10 per cent against the GBP in which the Group has assets and liabilities at the end of each respective period. A movement of 10 per cent reflects a reasonably possible sensitivity when compared to historical movements over a three to five year timeframe. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ten per cent change in foreign currency rates.

A positive number below indicates an increase in profit where the \$ strengthens ten per cent against the GBP. For a ten per cent weakening of the \$ against the GBP, there would be an equal and opposite impact on the profit, and the balance below would be negative.

The following table details the Group's sensitivity to a ten per cent strengthening in the \$ against the GBP.

	2012 \$'000	2011 \$'000
Decrease in income statement and net assets	(789)	(1,538)





## Notes to the Consolidated Financial Statements (continued) for the year ended 31 May 2012

### 23 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

#### Transactions with Stephen Betts & Sons Limited

During the year the Company charged Stephen Betts & Sons Limited \$32,000 (2011: \$nil) under a contract for the provision of office equipment and premises. Additionally during the year Stephen Betts & Sons Limited charged the Company \$85,000 (2011: \$54,000) under a contract for the provision of staff, office equipment and premises. There were no amounts outstanding between the parties as at 31 May 2012 (2011: \$29,000 owed by the Company to Stephen Betts & Sons Limited).

Stephen Betts & Sons Limited is a related party of the Group because Stephen Betts and Daniel Betts are shareholders and Directors of that company.

#### Transactions with The Pygmy Hippo Foundation

During the year the Company made charitable contributions to The Pygmy Hippo Foundation of \$118,000 (2011: nil). The Pygmy Hippo Foundation is a related party as Daniel Betts and William Cook are Directors of the Company and The Pygmy Hippo Foundation.

#### Joint Venture with Petmin Limited (Iron Bird Resources Inc)

During the year, the Group entered into a transaction with Petmin Limited as described in note 12. Petmin Limited is a related part of the Group because Petmin Limited is a joint venture partner and Ian Cockerill is the executive chairman of that company.

#### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in *IAS 24 Related Party Disclosures*.

	2012 \$'000	2011 \$'000
Short-term employee benefits	781	600
Social security cost	96	66
Pension	29	-
Share based payment charge	912	695
Provision for potential social security costs on share options	92	306
	<b>1,910</b>	1,667

### 24 EVENTS AFTER THE REPORTING DATE

#### Share options

On 11 July 2012 the Company granted 989,000 share options to certain Directors and employees. These share options are exercisable at £1.12 per share and vest in two tranches over a 24 month period assuming certain performance criteria are met. Following this grant, 20,000 of these share options lapsed.

Since the year end 47,500 share options that were granted on 27 June 2011 lapsed.

On 27 June 2012 90,000 share options that were granted on 26 October 2010 were exercised.

#### Investment by IFC

On the 17 August 2012 the Company announced the IFC (part of the World Bank) was considering subscribing for approximately 3.2 million shares in the Company at a share price of £0.93. The IFC will also receive half a warrant per share subscribed for at a strike price of £1.4415 with a 5 year term. This investment is subject only to the execution of final documentation and the approval by the IFC board of directors.



## Company Balance Sheet

as at 31 May 2012

	Notes	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	29	4,698	2,172
Property, plant and equipment	30	215	235
Receivables from subsidiaries	31	31,403	17,794
		<b>36,316</b>	20,201
<b>Current assets</b>			
Trade and other receivables	31	300	257
Cash and cash equivalents	31	13,198	31,471
		<b>13,498</b>	31,728
<b>Total assets</b>		<b>49,814</b>	51,929
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	32	1,120	717
Amounts due to joint venture		1,139	354
<b>Total liabilities</b>		<b>2,259</b>	1,071
<b>Net assets</b>		<b>47,555</b>	50,858
<b>Equity</b>			
Share capital	33	855	854
Share premium		41,922	41,881
Retained earnings		4,778	8,123
<b>Total equity</b>		<b>47,555</b>	50,858

The financial statements were approved by the board of Directors and authorised for issue on 20 September 2012.

They were signed on its behalf by:

DE Betts  
Director

The notes on pages 99 to 103 form part of these financial statements.

## Company Statement of Cash Flows

for the year ended 31 May 2012



	Notes	2012 \$'000	2011 \$'000
<b>Net cash outflow from operating activities</b>	35	<b>(2,024)</b>	(2,636)
<b>Investing activities</b>			
Purchases of property, plant and equipment		(77)	(271)
Investment in subsidiaries		(2,389)	(2,172)
Increase in amounts due from subsidiary companies		(13,324)	(9,057)
Interest received		173	31
<b>Net cash used in investing activities</b>		<b>(15,617)</b>	(11,469)
<b>Financing activities</b>			
Proceeds from issue of shares		42	37,411
<b>Net cash from financing activities</b>		<b>42</b>	37,411
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(17,599)</b>	23,306
Effect of foreign exchange rate changes		(674)	682
<b>Cash and cash equivalents at beginning of year</b>		<b>31,471</b>	7,483
<b>Cash and cash equivalents at end of year</b>		<b>13,198</b>	31,471



## Company Statement of Changes in Equity

for the year ended 31 May 2012

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
<b>As at 1 June 2010</b>	13	16,692	(1,422)	15,283
Issue of equity shares	241	40,274	-	40,515
Expenses of issue of equity shares	-	(3,104)	-	(3,104)
Bonus issue	600	(600)	-	-
Capital reduction		(11,381)	11,381	-
Share based payments	-	-	1,141	1,141
Total comprehensive loss for the year	-	-	(2,977)	(2,977)
<b>As at 1 June 2011</b>	<b>854</b>	<b>41,881</b>	<b>8,123</b>	<b>50,858</b>
Issue of shares	1	41	-	42
Share based payments	-	-	1,357	1,357
Total comprehensive loss for the year	-	-	(4,702)	(4,702)
<b>As at 31 May 2012</b>	<b>855</b>	<b>41,922</b>	<b>4,778</b>	<b>47,555</b>



## Notes to the Company Financial Statements for the year Ended 31 May 2012

### 25 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006 (the 'Act'). As permitted by the Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 3 to the Consolidated Financial Statements except as noted below.

As permitted by section 408 of the Act, the Company has elected not to present its profit and loss account for the year. Hummingbird Resources plc reported a loss for the financial year ended 31 May 2012 of \$4,702,000 (2011: \$2,977,000).

#### Investments

Fixed asset investments, including investments in subsidiaries, are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable.

### 26 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's financial statements, and in particular its investments in and receivables from subsidiaries, are affected by the critical accounting judgements and key sources of estimation uncertainty in respect of the recoverability of exploration and evaluation assets which are described in note 4 to the Consolidated Financial Statements.

### 27 AUDITOR'S REMUNERATION

The auditor's remuneration for audit and other services is disclosed in note 6 to the Consolidated Financial Statements.

### 28 STAFF COSTS

The average monthly number of employees (including Directors) was:

	2012 Number	2011 Number
Directors	7	7
Other employees	5	6
	<b>12</b>	13
	<b>\$'000</b>	<b>\$'000</b>
Their aggregate remuneration comprised:		
Wages and salaries	<b>1,312</b>	1,087
Social security costs	<b>281</b>	400
Pension	<b>51</b>	-
Share based payments	<b>1,321</b>	1,100
	<b>2,965</b>	2,587

Within wages and salaries, \$779,000 (2011: \$565,000) relates to amounts paid to Directors for services rendered. Included within staff costs is \$299,000 (2011: \$380,000) recharged to subsidiaries as intangible exploration and evaluation assets.



## Notes to the Company Financial Statements (continued) for the year ended 31 May 2012

### 28 STAFF COSTS CONTINUED

Included within social security costs is a provision of \$116,000 (2011: \$308,000) for the potential employers social security contributions in respect of the share options issued to employees and Directors.

Key management remuneration is disclosed in note 23 to the Consolidated Financial Statements.

### 29 INVESTMENTS

	Investment in subsidiaries 2012 \$'000	Investment in subsidiaries 2011 \$'000
<b>Cost</b>		
<b>At 1 June</b>	2,172	-
Additions	2,526	2,172
<b>At 31 May</b>	<b>4,698</b>	<b>2,172</b>

The Company's subsidiaries are disclosed in note 15 to the Consolidated Financial Statements. The additions in the year relate to certain costs incurred by the Company on behalf of its subsidiaries that are not invoiced to subsidiaries, including share based payments. These costs are not repayable by the Company's subsidiaries.

### 30 PROPERTY, PLANT & EQUIPMENT

	Development assets – other \$'000	Other \$'000	Total \$'000
<b>Cost</b>			
<b>At 1 June 2010</b>	-	-	-
Additions	38	233	271
<b>At 1 June 2011</b>	38	233	271
Additions	31	61	92
<b>At 31 May 2012</b>	<b>69</b>	<b>294</b>	<b>363</b>
<b>Accumulated depreciation</b>			
<b>At 1 June 2010</b>	-	-	-
Charge for the year	6	30	36
<b>At 1 June 2011</b>	6	30	36
Charge for the year	21	91	112
<b>At 31 May 2012</b>	<b>27</b>	<b>121</b>	<b>148</b>
<b>Carrying amount</b>			
<b>At 31 May 2012</b>	<b>42</b>	<b>173</b>	<b>215</b>
<b>At 31 May 2011</b>	32	203	235



## Notes to the Company Financial Statements (continued) for the year ended 31 May 2012

### 31 FINANCIAL ASSETS

#### Receivables from subsidiaries

At the balance sheet date amounts receivable from the fellow group companies were \$31,403,000 (2011: \$17,794,000). These amounts are repayable on demand however these are not expected to be repaid within one year and no interest is currently charged. The carrying amount of these assets approximates their fair value.

#### Trade and other receivables

	2012 \$'000	2011 \$'000
Other receivables	37	26
VAT recoverable	96	150
Prepayments and accrued income	167	81
	<b>300</b>	257

There are no past due or impaired receivables.

#### Cash and cash equivalents

These comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

The Company's principal financial assets are bank balances and cash and receivables from related parties none of which are past due. The Directors consider that the carrying amount of receivables from related parties approximates their fair value.

### 32 FINANCIAL LIABILITIES

#### Trade and other payables

	2012 \$'000	2011 \$'000
Trade payables	395	247
Other taxes and social security	54	52
Accruals	665	414
Other payables	6	4
	<b>1,120</b>	717

The average credit period taken for trade purchases is 22 days (2011: 23 days).

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.



## Notes to the Company Financial Statements (continued) for the year ended 31 May 2012

### 32 FINANCIAL LIABILITIES CONTINUED

#### Operating lease commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2012 \$'000	2011 \$'000
Within one year	87	93
In the second to fifth years inclusive	-	93
After five years	-	-
	<b>87</b>	186

Operating lease payments represent rentals payable by the Company for the UK head office.

### 33 SHARE CAPITAL

The movements on this item are disclosed in note 19 to the Consolidated Financial Statements.

### 34 SHARE BASED PAYMENTS

The Company's share-based payments information is disclosed in note 20 to the Consolidated Financial Statements.

### 35 NOTES TO THE STATEMENT OF CASH FLOWS

	2012 \$'000	2011 \$'000
Loss before tax	(4,702)	(2,977)
Adjustments for:		
Depreciation of property, plant and equipment	112	37
Share based payments	1,139	1,141
Finance income	(195)	(723)
Finance expense	674	-
<b>Operating cash flows before movements in working capital</b>	<b>(2,972)</b>	(2,522)
Increase in receivables	(11)	(215)
Increase / (decrease) in payables	174	(253)
Increase in amounts due to joint venture	785	354
<b>Net cash outflow from operating activities</b>	<b>(2,024)</b>	(2,636)





## Notes to the Company Financial Statements (continued) for the year ended 31 May 2012

### 36 FINANCIAL INSTRUMENTS

The Company's strategy and financial risk management objectives are described in note 22.

#### Principal financial instruments:

The principal financial instruments used by the Company from which risk arises are as follows:

	2012 \$'000	2011 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	13,198	31,471
Other receivables	31,536	17,970
	<b>44,734</b>	49,441
<b>Financial liabilities</b>		
Trade payables	395	247
Other payables	6	4
Amounts due to joint venture	1,139	354
	<b>1,540</b>	605

The risks that the Company is subject to in addition to the Group risks described in note 22 are set out below:

#### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

In addition to the risks described in note 22 which affect the Group, the Company is also subject to credit risk on the balances receivable from its subsidiaries (see note 31).

#### Foreign currency exposure and sensitivity analysis

The Company's exposure to foreign currency exposure and sensitivity to exchange rates is the same as the Group's (see note 22).

### 37 RELATED PARTIES

#### Amounts due from subsidiaries

The Company has entered into a number of unsecured related party transactions with its subsidiary undertakings. The most significant transactions carried out between the Company and its subsidiary undertakings are mainly for short and long-term financing. Amounts owed from these entities are detailed below:

	2012 \$	2011 \$
Hummingbird Resources (Liberia) Inc.	31,403	17,794

These amounts are repayable on demand and no interest is currently charged.

The Company's transactions with other related parties and remuneration of key management personnel are disclosed in note 23 to the Consolidated Financial Statements.

### 38 EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are disclosed in note 24 to the Consolidated Financial Statements.

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