



HUMMINGBIRD  
RESOURCES

Annual Report  
& Accounts 2017



# Production



# Development



# Exploration

# Overview

## Where We Operate

Hummingbird is currently an African focussed gold company with a producing mine in Mali, a large development asset in Liberia and further significant exploration ground in both regions.

Mali



### Yanfolila

Hummingbird Resources owns 80% of the Yanfolila Gold project in southwest Mali with a mineral resource of 2.2Moz and a mine life of 7 years.

[See more info on p.12](#)

Liberia



### Dugbe

The Dugbe Gold Project PEA shows a 20 year mine life and we believe there are significant opportunities to increase the resource inventory to extend it even further.

[See more info on p.14](#)

“Opportunities aren’t born; they’re made”

Basil de Tent

# Overview

## Our Highlights

Cash in the bank at year end

# US\$41m

### Production

Yanfolila is a high grade, low cost open pit gold mining operation

### Development

Dugbe is Liberia's largest gold project with significant further exploration potential

### Exploration

Both in Mali and Liberia, the Company has a large exploration footprint of around 4,000km<sup>2</sup>. The Company has committed to investing up to 15% of its annual free cash flow to extend its mine life through exploration. Additionally, the Company has a 34% interest in AIM listed Cora Gold with prospects in Mali and Senegal (AIM:CORA).

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# Chairman's Statement



In my statement in last year's annual report, I focussed significant attention on the delivery of Yanfolila by the end of 2017. I am pleased to report that this goal was achieved by the Company on time and on budget.

As everyone in the industry knows, this is an impressive accomplishment - even more so when you consider it is the first mine this team has built together.

**Russell King**  
Non-Executive Chairman

2017 was a year of significant transition for the Company. Having re-capitalised and started construction in 2016, this past year centred on delivery. The Company completed construction, commissioning and first gold pour to schedule and budget. Post period end, the Company has also ramped-up through Q1, as previously stated, and entered into commercial production on 1 April 2018. Whilst delivery of Yanfolila is the Company's most significant achievement, I would like to focus on the other areas of the Company that also had significant success.

Post period end we appointed two new Non-Executive Directors to our Board and also the Technical Advisory Committee ('TAC'). Attie Roux is the former COO of Endeavour Mining, who oversaw its growth from a single mine operation to the multi-mine mid-tier operator it is today. His breadth of relevant experience will be immensely important as we also look to follow a path of significant growth in the coming years. He will also chair our TAC, which plays an important role in overseeing our operations team and ensuring Yanfolila continues to deliver. We have also welcomed Ernie Nutter to the Board. Ernie is a former Partner at RBC Capital Markets and latterly Research Director and Partner of Capital International Asset Managers, one of the largest money managers globally. He is a geologist by training and will also sit on our TAC. His knowledge of capital markets, not to mention his North American presence, will be invaluable to us as we are now a cash flow positive company with significant growth plans, should the right opportunity present itself. I believe these hires reinforce our Board, whilst maintaining its high level of independence, which is crucial to good governance. The Company stands in a stronger position with them on the team.

The Company is pleased to report that Yanfolila has a 95% Malian work force. Our supervisors and control room operators, having been recruited from similar gold operations within Mali, particularly add important local experience. Furthermore, the plant operators have been hired from nearby villages, which is also in line with the Company's objective to provide local employment. Through comprehensive onsite training and sound supervision, these teams are now operating the plant effectively and have validated our endeavours to hire locally. What is more, we are very pleased to report that 25% of our plant operators are women, against an industry average of around 8%. We will continually look to maintain and expand this policy of local hires and, where possible, seek to reach as equal a gender balance as possible.

Safety remains an integral part of the business and through construction the Company achieved a Lost Time Injury Frequency Rate ('LTIFR') of 3.37 (per 1,000,000 hours), which is lower than the Australian construction industry average of 4.0 LTIFR – this is no mean feat given the location in which we were operating. Since reaching full operations there has been a further improvement on the LTIFR of 1.66 in Q1 2018.

2017 has seen the development of our sustainability programme across five focus areas, including WASH (water, sanitation and hygiene); education; community health; food, security and agriculture; and local economic development. The 2018 plan aims to invest directly in these areas and maximise impact by partnering with organisations already active in these areas.

The Bougoudale water supply system, which aims to bring tapped water to 4,000 people, has now reached completion and work in the WASH is now focussed on rolling similar projects out to other communities near the mine. Construction of a new community health care centre started in March 2018 and construction will be completed in Q2 2018. This seeks to transform the medical service provision within the local community by expanding facilities and services available. Our medical team has also continued to assist in teaching and skills transfer for local medical professionals, while the soap-making organisations we helped to found in 2017 are now reporting record profits. We are excited to further support these groups as the year continues, with goals to upgrade their infrastructure and production capabilities. I look forward to another stellar year for the Company and in next year's report I look forward to hopefully reporting that the Company has hit its guidance for the year by producing 105,000-115,000ozs of gold and continuing to deliver and improve health, safety, community engagement and good governance standards across the board.

As ever, we are extremely grateful to our shareholders and all stakeholders for their support of Hummingbird as we look to deliver on our goals.

# CEO's Statement



**Value. It's a complicated word.**

**It is gratifying to be able to sit here writing my statement for the 2017 financial year having accomplished everything we set out to achieve.**

**Dan Betts**  
Chief Executive Officer

In our last annual report, we set out our ambitious targets to build the Yanfolila Gold Mine in Mali for an exceptionally low cost of US\$88.6m in an exceptionally short period of time. We publicly stated that we aimed to pour gold on 19 December, against all conventional wisdom, and that by the end of Q1 2018 we would have successfully ramped up to full scale operations. These were ambitious objectives, particularly in the context of an unproven team who had never collectively built a mine before.

Fast forward to today and we actually poured first gold on 19 December, which in itself is extraordinary! If all truth be told, we had hoped to be a week or two earlier but the thousand moving parts coming together at the end of construction meant that we hit the date on the nose. It goes without saying that huge credit must go to every member of the Project team, for their herculean efforts sustained over a long period of time that made these achievements possible. Furthermore, as I write this, we have successfully ramped up the plant and mine to full capacity on time, and once again shown an ability to meet our targets. This has all been achieved against a backdrop of a robust and slightly rising gold price, and yet sentiment in the market towards gold mining stocks remains damp. Today, Hummingbird trades on under three times its first full year's projected free cash flow to 31 March 2019 and that valuation takes no account of the upside at Yanfolila, with 1.5Moz outside of the current Reserves, the value of our Dugbe Gold Project in Liberia, or the calibre of the skills now embedded in our proven team and what we may be able to do with that skillset.

Our share price may have risen by over 50% from the placing price of 22p, but we don't see this as the achievement that others might. We see our value as more than just a price on a screen, whilst we recognise that that is the ultimate arbiter of value at any point in time. Our challenge now is to release that latent value for all to see and we will do this in three ways: firstly, we will continue to develop Yanfolila into a well operated, low cost, best in class gold producer and we will build on the reputation that Hummingbird is rightfully earning as a company that delivers on its commitments. Secondly, we will aggressively seek to develop the Reserves and Resources around the Yanfolila mine to extend the mine life and prove longer-term value in this business, but in a responsible and financially disciplined manner. Thirdly, we will pursue other opportunities, including those within our own projects, where we can bring the skills of our project team to bare by unlocking value in project execution, but again in a strict and highly disciplined environment. Crucially though, if we do not find projects that meet our strict return criteria, then we will not seek growth for growth's sake and we will examine all options to best use our cash flows from Yanfolila, including the possibilities of dividends or share buybacks.

Our aim is to create shareholder 'value', which neatly brings me back to the start: value is a complicated word, but I firmly believe that we have the skills, ambition and now the platform to create considerable value for our business and all its stakeholders. We have the ability to remain flexible in our capacity to unlock this value for the long term, although it may present itself in a complex world with an increasingly short-term horizon.

"Price is what you pay, but value is what you get." Warren Buffet

## **Financial performance** **Funding**

During 2017 the Company raised no equity and completed the Yanfolila Gold Project on budget. During the year we replaced our bridge loan finance with a senior debt facility of US\$60m from Coris Bank International. Coris is a large retail bank based in Burkina Faso and this loan represents the single largest African led debt financing of an African mining project to our knowledge. Coris has been an excellent partner in the development of the Project and affords us a profile in the region which is to the benefit of us all. The bank holds a refreshing understanding of operating in Africa and the resource sector and we look forward to a long and happy relationship with the team there. The terms of our debt facility are that we will pay back the loan on a straight line basis over three years and we have ample cash flow and cash on our balance sheet to comfortably meet these repayments.

# CEO's Statement continued

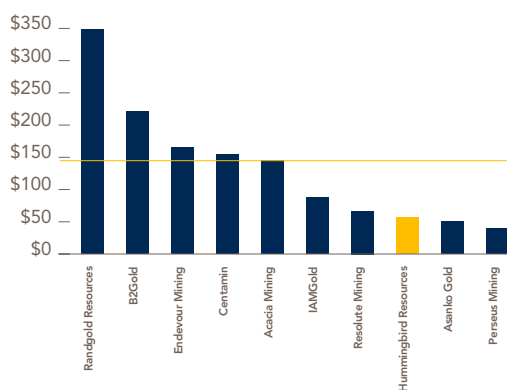
Gold production forecast

# 105,000 - 115,000oz

Spent teaching healthcare to local communities

# 1,000hrs

EV/Resources



Based on prices as at 1 May 2018

## Financial performance continued

### Balance Sheet

The Company poured first gold on 19 December 2017 and still had US\$41m of cash on the balance sheet at 31 December 2017. This was in excess of our projections, largely owing to the delay in settlement of some construction costs. After liabilities, the cash balance stood at approximately US\$15m on completion of construction and I am pleased to be able to report that the Company became operationally cash flow positive in February 2018.

### Cash Flow

The Yanfolila mine has always been attractive from a cash flow perspective, anticipated to generate strong cash flows from the first year. Based on a \$1,300 gold price and our forecast production target in our first full year of production (1 April 2018 – 31 March 2019) of 120,000 oz - 135,000 oz at an AISC of \$750-800 per ounce, this would generate free cash flow of at least \$60m. We believe that these cash flows are sustainable for longer than the current mine plan represents and we will look to extend and improve these forecasts through vigorous exploration in 2018.

### Dividend Policy

Now that we have become cash flow positive, many of the conversations I have with investors and commentators are regarding what we intend to do with the cash, so now seems an appropriate time to address this issue head on. First and foremost, Hummingbird is still a new company, having only declared commercial production in the last few weeks. It needs time to become strong and stable and it is too soon to make grand promises about dividend policies. That said, I will say that this is an issue that is constantly addressed by the Board and it is our intention to deliver shareholder value. If that denotes returning all the cash to shareholders, then so be it, however, I would say that mining is unique. We manage a finite and depleting Resource (our orebody) and if we are going to achieve our aim of building a world class mining business then we must constantly re-invest in our business through a combination of prudent exploration and disciplined corporate activity, providing those options present real opportunities to create value. As ever, we will continue to pursue our quest in the best interest of all shareholders, maintaining the standards and flexibility we have always had.

### Government of Mali

Much has been made in the media of late regarding the potential risk of the Government of Mali (and African governments in general) changing the terms of mining conventions and therefore disrupting the basis on which investors choose to invest in the continent. As with any country, the countries in which we operate have their own unique risks and challenges, which we are constantly evaluating, but it would seem evident from our strong and close relationship with the Government of Mali that we are dealing with an authority that both understands and supports the mining sector and would not intentionally damage the single largest contributor to its GDP.

### Government of Liberia

The Government of Liberia recently completed its first transition of power through a democratic election process in nearly three decades. This is a monumental achievement for the country and we are enthused by the potential to grow on our strong foundations in the Republic. We are engaged with the new administration, and recently hosted a party of nine officials at our mine in Mali where we held comprehensive presentations on our operations and discussed what Hummingbird hopes to bring to Liberia. The Dugbe Gold Project is of significant importance to the new government and we look forward to working closely with them to unlock the value of this venture.

### Yanfolila Gold Mine Status Construction Summary

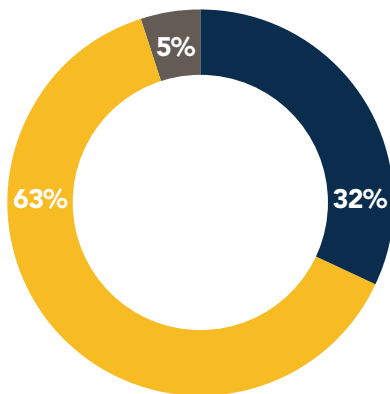
At the risk of repeating myself, the Yanfolila Gold Mine was a construction success, for which I would like to thank the dedicated work of all the Hummingbird team and the hard and disciplined work of our contractors. Special mention should go to our EPCM contractors, SENET, our civil and SMPP contractors, Imagri, and our mining contractors, AMS, for the delivery of their project responsibilities. Building this mine has taken over 1.5 million man hours, we have used over 5,000 tons of concrete and over 20km of piping in and around the plant. At its peak construction, Hummingbird employed over 750 people to make this happen.

# CEO's Statement continued

Commercial production declared

# 1 April 2018

High proportion of local workforce



- Local 32%
- National 63%
- Expat 5%

Not only am I delighted that the team has worked together to build the Project on time and on budget, but I am also proud of the meticulous attention paid to all elements of SHEC (Safety, Health, Environment & Community), which we will look to build upon as a fundamental part of our operational business. To name but a few key figures, the LTIFR (Lost Time Injury Frequency Rate) through construction was 3.37 (per 1,000,000 hours), which is lower than the Australian construction industry average of 4.0 LTIFR. In Q1 of 2018 we have achieved an LTIFR of 1.66, and this is a key target against which we will monitor performance throughout the rest of the year.

In addition, it is worth mentioning a few of the community initiatives already accomplished by the Company in 2017, which further highlights our commitment to all of the stakeholders and communities within our areas of operation. I would particularly like to thank our partners CCI (Critical Care International) for their assistance in the roll-out of our healthcare initiatives.

We have conducted over 1,000 hours of healthcare teaching, with 12 healthcare workers reporting to use their newborn resuscitation skills on a weekly basis on infants who would otherwise have died.

We have assessed 1,000 children for malnutrition, with 159 detected cases being successfully treated. We have made a significant contribution to the Malian blood bank and in February we proudly contributed 151 units of blood over three days. Nationally, the blood bank records an average of just 15 donors per day. Company doctors have assisted in several dozen community incidents, from road traffic accidents to complex medical problems and birthing issues. We have been involved in building the Bougoudale village clinic and are training the necessary staff to run it. This is a significant facility that we believe will have a major benefit for the community. In education, the Company has made donations to support salaries of 20 teachers in three communes. The Company has more than doubled the water supply to Bougoudale, with a sustainable solar powered water pump and distribution facility. The Company has built sustainable livelihoods for over 300 women across 10 villages working in the now cash flow positive soap factory and we will continue to support this further. Looking ahead, the Company has committed significant investment to the community development plan which will address the five pillars of:

- Water & sanitation
- Community health
- Education
- Food, security & agriculture
- Local economic development

#### Corporate

At a corporate level I would like to offer my sincere thanks to Mr Matthew Idiens (Co-Founder) and Mr David Pelham for their services to Hummingbird over the last decade, and for their guidance to me on a personal level. Both have been instrumental in the formation and development of the Company and we would not be where we are today without either one of them. Both will be stepping down from the Board at the AGM in June.

To replace them, I am also extremely pleased to welcome to the Board, Mr Ernie Nutter and Mr Attie Roux. Both individuals have a long and distinguished track record of experience in the successful delivery of many aspects of the mining industry and I am looking forward to working with them both as we build the next chapter for Hummingbird.

#### Dan Betts

Chief Executive Officer

# Production





A large industrial furnace in a gold refinery. The furnace is a large, cylindrical metal structure with a circular opening at the front. Inside, a bright orange and yellow glow indicates molten metal. A stream of molten gold is being poured from the furnace into a ladle. The ladle is a smaller, cylindrical metal container with a handle. The background is dark, with some industrial equipment visible. The overall scene is dimly lit, with the primary light source being the molten metal.

## The Yanfolila Gold Project

Yanfolila, in Mali, poured first gold in December 2017 and in April 2018 Yanfolila commenced commercial production. Yanfolila is a high grade, 3.1g/t Reserves, open pit gold mining operation. Yanfolila is forecast to produce 105,000-115,000 ounces of gold in 2018. Construction, ramp-up and commercial production was delivered on time and on budget.

## Our Strategy

# Development

Opportunities to create further  
value in West Africa



## The Dugbe Gold Project

The Dugbe Gold Project is a 4.2Moz gold Resource with a completed Preliminary Economic Assessment ("PEA") showing a 20 year LoM of 125,000oz gold produced/year. This is Liberia's largest gold deposit and the Company strongly believes there is significant potential to grow these Resources further.

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Gold Resource

# 4.2Moz

## Our Strategy

# Exploration

Unlock potential to increase mine life and make new discoveries



## Mali & Liberia Opportunities

Both in Mali and Liberia the Company has a large exploration footprint of around 4,000km<sup>2</sup>. The Company has committed to investing up to 15% of its annual free cash flow to extend its mine life through exploration. Additionally, the Company has a 34% interest in AIM listed Cora Gold with prospects in Mali and Senegal.

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Exploration ground in West Africa

# 4,000km<sup>2</sup>

# Operational Review

## Mali

### The Yanfolila Gold Project

The Yanfolila Gold Project is a high grade, low cost open pit mining operation situated in the southern region of Mali, West Africa. The fully-funded project commenced construction in October 2016 and was built on time and on budget to pour first gold before year end 2017.

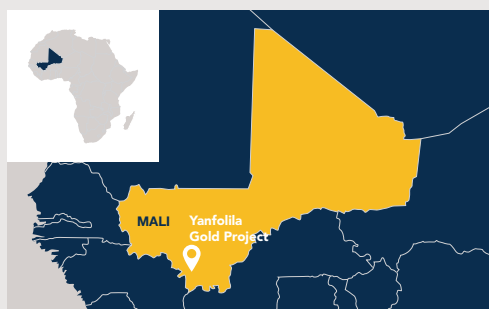
Delivered the Yanfolila Gold Mine on time and on budget

Delivered for Capex

# US\$88.6m

First gold poured

# 19 December 2017



#### Post Period Update

	Q1 2018	Jan 2018	Feb 2018	Mar 2018
Gold Poured (Ounces)	18,785	2,131	6,742	9,912
Ore mined (Tonnes)	259,228	79,391	93,839	121,998
Ore processed (Tonnes)	238,629	67,730	78,293	92,606
Avg grade mill feed (g/t)	2.96	2.18	3.11	3.39
Recovery (%)	96.1	96.1	96.4	95.8

In April 2018, 10,423ozs of gold was poured at the Yanfolila Gold Mine.

#### Process Plant

During Q1 2018, the plant was ramped up to full design capacity and the design feed rate to the plant was achieved and sustained in February. While the plant feed was initially lower grade to avoid gold loss in the event of any start-up problems, the feed grade to the plant was gradually increased to the life of mine average grade through February. Gold recoveries from the CIL circuit have been excellent right from the initial start-up, with recoveries consistently exceeding the design criteria at over 95%.

Although the plant is still being fed predominantly oxide ore, the secondary crusher circuit was successfully commissioned and also ramped up to design capacity in February. To facilitate the start-up of this circuit, a batch of harder laterite ore was put through the plant.

The ramp up of the entire plant has been successful due to the experience of our in-house construction team and SENET, our EPCM engineering contractor. The Company is pleased to report that Yanfolila has a 95% Malian work force, with the supervisors and control room operators having been recruited from similar gold operations within Mali, adding important local experience. The plant operators are from local villages, which is also in line with the Company's objective to provide a high proportion of local employment. Through onsite training and good supervision, these teams are now operating the plant effectively and have validated our plan to hire locally. Additionally, we are very pleased to report that 25% of our plant operators are women, against an industry average of around 8%, and we will continually look to maintain and expand this policy of local hiring and where possible attempt to get as close to a gender balance as possible, given our industry and operating location.

#### Mining

Operations focussed mainly in the south and centre of the Komana East ("KE") pit. KE southern section ('stage 1') was mined down to the 350RL. Work has also commenced at the north of KE ('stage 2'), allowing for higher daily production. Better grade reconciliation results were achieved from the southern end of the pit, which allowed for higher-grade ore delivery to the ROM pad than was originally planned.

The ROM pad extension was completed successfully and now has an expanded capacity of 330,000 tonnes. This will allow the appropriate management of ore stockpiles and blending to the process plant through the wet season in Q3 of this year.

Safety remains an integral part of the business and through construction the Company achieved a Lost Time Injury Frequency Rate ('LTIFR') of 3.37 (per 1,000,000 hours), lower than the Australian construction industry average of 4.0 LTIFR. Since commencing full operations there has been a further improvement on the LTIFR of 1.66 in Q1 2018.



## Q1 2018 Highlights

Successful on schedule transition from construction, through ramp up, to full scale operations at Yanfolila with mine and plant operating at name plate capacity by end Q1 with commercial production declared from 1 April 2018

Gold poured of 18,785 ounces at an average grade of 2.96 g/t

- 9,912 ounces poured at an average grade of 3.39g/t in March

Gold sold totalled 11,941 ounces at an average price of US\$1,332 per ounce

Total ore processed of 238,628 tonnes with the plant operating at an average of over 95% capacity through March

Achieved Lost Time Injury Frequency Rate ('LTIFR') of 1.66 in Q1 2018 with further improvement seen since end of the period. LTIFR through construction of 3.37 (per 1,000,000 hours), lower than the Australian construction industry average of 4.0 LTIFR.

Production guidance for 2018 of 105,000 – 115,000 ounces gold

### Construction and Commissioning

The Engineering, Procurement and Construction Management ("EPCM") contract was awarded to SENET (Pty) Ltd, a leading South African project management and engineering company. SENET commenced detailed design and engineering of the 1.24Mtpa gold plant on 1 July 2016. The gold plant design consists of a two stage crushing, single ball mill comminution circuit, followed by gravity concentration & CIL, split AARL elution, carbon regeneration and cyanide destruction (SO<sub>2</sub>/Air Detox).

Power supply is provided by a 7.4MW, diesel turnkey power plant, installed and operated by Aggreko, a major player in the global power market and well established in West Africa.

The two main construction contracts, the Civil and the Structural Steel, Mechanical, Piping and Platework ("SMPP") contracts, were awarded to Imagri SARL, a Bamako based construction contractor. The first concrete pour was on 24 October 2016 and the SMPP works commenced in January 2017. Construction of the main plant was completed by end of November 2017, on schedule and budget. Ore commissioning of the gold plant commenced 9 December 2017 and first gold was poured 19 December 2017.

The plant construction and ore commissioning was successfully completed within the planned 18 month schedule and for the \$88.6m budgeted capital cost.

### Mine Development

The Mining contract was awarded in December 2016 to African Mining Services ("AMS"), one of the largest contract mining companies in Africa with established support networks in Africa, Australia and Europe. AMS is a wholly owned subsidiary of Ausdrill Limited, a publicly listed Australian Company (ASX: ASL), and has multiple West African mining contracts with firms such as Anglo-Gold Ashanti, Resolute Mining, and Endeavour Mining.

Hummingbird has appointed AMS for an initial three-year period with an option for the Company to extend the contract by a further year of mining at the Yanfolila Gold Project. The total value of the contract is expected to be approximately US\$112m over three years.

AMS commenced mobilisation and establishment works on site in early 2017, ahead of starting mining at Komana East in August 2017. Mining rates have been increasing steadily and are now averaging over 1 million BCM per month, and are expected to reach 1.3M BCM per month from April 2018.

Preparations are now underway to commence mining at the Komana West pit, in line with the production schedule. Clearing and grade control drilling is expected to commence by August 2018.

### Resources and Reserves

#### Probable Reserves\*

Pits	Contained		
	Tonne	Ounces (Au)	Grade (g/t)
Komana East	4,606,000	470,600	3.18
Komana West	2,433,000	239,200	3.06
<b>Total</b>	<b>7,039,000</b>	<b>709,800</b>	<b>3.14</b>

#### Total Mineral Inventory

	Tonnes	Ounces	Grade (g/t)
CSA JORC	18,645,000	1,587,600	2.64
GF 2012 SAMREC	3,520,000	224,400	1.98
GF 2013 DRS			
- internal de-risking study <sup>1</sup>	6,324,200	390,700	1.92
<b>Total</b>	<b>28,489,200</b>	<b>2,202,700</b>	<b>2.39</b>

\* Total Project Reserves and mineral inventory, Hummingbird interest is 80%

1 Non-JORC and non-SAMREC

# Operational Review

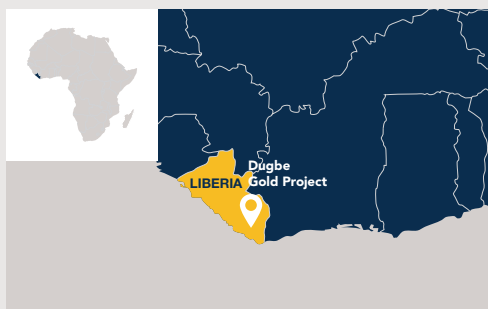
## Liberia

### The Dugbe Gold Project

The Dugbe Gold Project is one of the largest discoveries of gold in West Africa. The completed Preliminary Economic Assessment ("PEA") shows that the 4.2Moz Resource would deliver a 20 year LoM with 125,000ozs gold produced per year.

Indicated mineral Resource at 1.4g/t

# 4.2Moz



#### Key facts

Liberia's largest gold deposit

PEA shows at US\$1,300 Gold

- US\$186m NPV
- 29% IRR
- 125,000ozs average production per year over a 20 year LoM

MDA signed with the Government of Liberia for a 25 year term

Significant exploration upside



This is Liberia's largest gold deposit and the Company strongly believes there is significant potential to grow these Resources further.

The Company continues to evaluate ways to unlock the value of Dugbe. The existing discovered Resources offer a compelling opportunity to build a large bulk tonnage open pit gold mine, and combined with an extremely large and unexplored highly prospective exploration area, there is clearly a large amount of unlocked potential.

January 2018 saw the transition of power to the newly elected President Weah, who has set out a pro-business agenda for the country. Hummingbird looks forward to developing further its relationship with the Government of Liberia and all the stakeholders in the Project. The Dugbe Gold Project has the ability to be a transformational asset not only for the Company but also for Liberia; Dugbe when in production would make a meaningful impact on the country's GDP. In Mali, Hummingbird has shown that it is committed to building mines for the benefit of all stakeholders and would look to achieve the same in Liberia.

For further information on the Dugbe Gold Project please visit [www.hummingbirdresources.co.uk](http://www.hummingbirdresources.co.uk)



# Operational Review

## Exploration

### Mali

A region home to multiple proven deposits within truckable distance of the Yanfolila Plant, available to be converted into Reserves.

Gold not currently converted into Reserves

# 1.5Moz



#### Mali

Mali has significant potential for the discovery and development of economic gold deposits, as is underlined by its position as Africa's third largest gold producer. Gold Fields (the previous owner of the Company's permits in Mali) invested significant amounts of money in exploration and there are several drilled discoveries, as well as drill ready exploration targets. The Company has reviewed the exploration potential on its mining permit and has created a plan to exploit these opportunities. Now that Yanfolila is in production, the Company is looking forward to building a fully operational exploration team and executing an active exploration programme, with the specific focus on achieving a 10+ year Reserve mine life in the short to medium term.

Additionally, there is a large amount of under-explored exploration ground on the three exploration licences, with many new exciting targets to be reviewed. We are looking forward to both further exploring our existing licence packages and keeping an open view to augment existing ground where synergies with other exploration companies exist. This prospective area has the potential to become a prolific economic gold-producing region.

The 2018 exploration strategy aims to bring as much as possible of the nearly 1.5Moz of Resources, not currently in Reserves, into the Life of Mine plan. The focus is on prioritising those areas that will have the greatest impact to the mine life, as well as discovering extensional Resources within the licence area to ensure a healthy pipeline of ore Reserves. A budget of no more than 15% the Company's annual free cash flow, which equates to circa. US\$8m, will allow the freedom to drill the metres required to meet our aim.

The exploration targets in southern Mali will form part of the 2018 exploration strategy: Komana East Underground; Komana West; Guirin West; Gonka; Sanioumale West and Sanioumale East. Much of this sits within a 25km trucking radius of the Yanfolila process plant.

The five brownfields deposits sit along gold-bearing splays off the regional Sankarani Shear Zone, a major regional structure. Exploration will focus on conducting various programs of targeted infill and extensional drilling at each of these deposits.

#### Komana East Underground

A study was recently completed by external consultants DRA Global to target high-grades at depth beneath the current Komana East pit shell. The study concluded the economics are positive, based on the current Indicated and Inferred Resources. As part of the 2018 exploration strategy, Hummingbird Resources will be drilling deep holes to target and convert the current Inferred Resources to the Indicated category. The benefits of this drilling will be to add mine life and to improve the grade profile of operation towards the end of the current mine life.

#### Komana West

A deposit over a 2.5+km strike length, there is exploration potential to the north and south of the current pit design, with possible underground potential also.

#### Gonka

An exciting deposit on strike, 5km south of the Komana East pit, it is a basalt and mafic dyke-hosted gold deposit with higher grades at depth. All resources for this deposit are Inferred and need to be converted into Measured and Indicated categories with the drilling planned for 2018. This deposit has the potential to improve the operation's production profile by improving the process plant feed grade in the middle years of the current mine plan.

#### Sanioumale East

A basalt and mafic dyke-hosted gold deposit similar to the Komana East and Gonka deposits. It has a 2.0+km strike length and an open mineral Resource at depth, as only the weathered zone was historically drilled, leaving the fresh rock beneath open to drilling and additional Reserves.

# Operational Review

## Exploration / continued

### Liberia

Hummingbird owns permits of over 2,000km<sup>2</sup> of exploration ground in southeast Liberia. Situated in the highly prospective region of the Birimian gold province, the Project offers huge upside potential for future gold discoveries.

Exploration package

# 2,000km<sup>2</sup>



#### Mali (continued)

##### Sanioumale West

A more complex deposit, this sediment hosted gold deposit has an ore body geometry that is favourable for good pit economics. This deposit is similar to Sanioumale East; the mineral resource is open at depth, as only the weathered zone was historically drilled, leaving the fresh rock open to drilling and additional reserves. A notable intersection showing potential for underground is 14m @ 4.21g/t from 138m depth.

##### Guirin West

A sediment-hosted gold deposit 1.5km to the west of the Komana East open pit (closer to the process plant). Given its strategic location close to the Komana East haul road, the Life of Mine planning requirements may fast-track this deposit to top priority as a source of high-grade oxide material. Infill drilling is required to convert the current resource into Indicated and Measured Reserves, which is part of the 2018 exploration plan.

#### Conclusion

The Company aims to delineate an additional circa. 400koz of Indicated and Inferred Resources into Reserves, equivalent to circa. \$22/reserve ounce. Drilling is due to commence by June 2018.

There is a recently published Exploration Presentation which can be found on the Mali Exploration page of our website; [www.hummingbirdresources.co.uk](http://www.hummingbirdresources.co.uk).

#### Liberia

Hummingbird has over 2,000km<sup>2</sup> of exploration ground in southeast Liberia. This offers a huge upside potential for future gold discoveries in a still largely unexplored, yet highly prospective region of the Birimian gold province.

At the end of 2013 the Company published the results of the interpretation of the 17,000 line km airborne magnetics and radiometrics data collected earlier that year. The interpretation, conducted by Southern Geoscience in Australia, resulted in over 140 targets to be followed up with systematic exploration. A further, more detailed review of the interpreted anomalies and historic Hummingbird data has enabled us to define a plan for future exploration programmes, prioritising targets and activities based on two principal aims:

- identifying new Resources as quickly as possible near to the existing Dugbe Gold Project with work starting proximal to the current deposits and progressing outwards; and
- the discovery of a new deposit.

Targets occurring in the closest proximity to the Dugbe Gold Project are structural, either on or parallel to the north-east striking Tuzon deposit, on structures intersecting the Dugbe Shear Zone from the west, or on the Dugbe Shear Zone itself. Prospect-scale mapping over the target areas, complete soil coverage and re-evaluation of all gold-in-soil data with follow-up trenching will identify drill targets.

Regional targets defined by the geophysics are either folds interacting with faults, intrusives or other folds, intersecting faults or interpreted dilation zones. Few are associated with artisanal activity. Follow-up exploration, particularly to those areas with the stream sediment anomalies, is to be conducted with reconnaissance mapping and soil geochemistry.

# Operational Review

## Sustainability

From Board level through to our in-country team, every Hummingbird employee has a duty to working safely and respectfully to protect the environment and the communities in the countries we are privileged to work in.

Malian employees

# 95%

### Community key facts

638 person hours of teaching to local community healthcare workers

12 healthcare workers received newborn resuscitation teaching

1,100 children assessed for malnutrition and 159 treated

Partnership with Yanfolila based NGO focussing on sex worker health and infectious diseases

Assistance in care to 26 community patients including motorbike crashes, drowning, and an artisanal mining pit collapse

### Overview

At Hummingbird 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 our in-country team, every Hummingbird employee has a duty to working safely and respectfully to protect the environment and the communities in the countries we are privileged to work in.

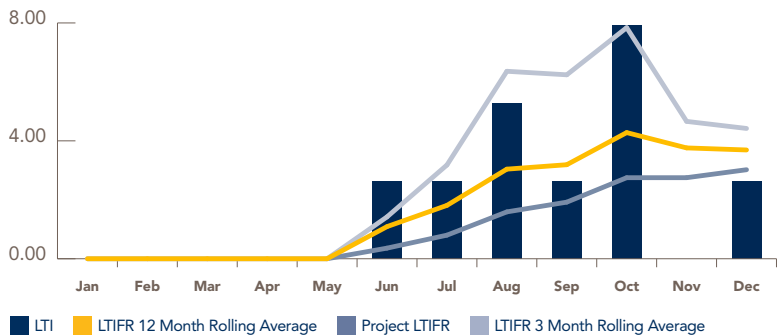
### Health and Safety

All accidents are preventable and we aim to achieve Zero Harm with every employee, contractor and visitor returning home safely every day.

Safety remains an integral part of the business and the Company achieved through construction a Lost Time Injury Frequency Rate ('LTIFR') of 3.37 (per 1,000,000 hours) lower than the Australian construction industry average of 4.0 LTIFR. Since reaching full operations there has been a further improvement on the LTIFR of 1.66 in Q1 2018.

As we transition into the operational phase of the Project we will strive to improve this performance and can already see the frequency reducing now we are no longer in construction.

### Yanfolila LTIFR



Induction and training programmes are developed by the Company and its contractors to address specific workplace risks and hazards. All employees are required to have completed training modules in hazard awareness, job safety analysis, basic fire response, first aid, and chemicals awareness.

### Community Development

Hummingbird has developed and implemented a community development plan ('CDP') at each project site in partnership with local communities, government agencies and non-governmental partner organisations.

The plan in Mali focusses on five main pillars:

- Water and sanitation
- Education
- Community health
- Food, security and agriculture
- Local economic development

In 2017 over US\$150,000 was spent on projects, and during 2018 we expect to spend US\$450,000 on direct investment projects.

# Operational Review

## Sustainability / continued



### Community Development (continued)

Hummingbird has continued to sponsor 18 teachers and nurses across the Yanfolila Gold Project area, facilitating access to important social services in one of Mali's poorest rural communes. The clinic on site has started an outreach programme working with health facilities and providers in the commune to improve standards of training, hygiene and service provision. Weekly training sessions held at the clinic serve to not only reinforce existing skills, but also to bring new knowledge and practices to these providers through our UK registered doctors.

Investment in safe drinking water resources remains a key focus for many in Mali. The Project has delivered a safe drinking water system in Bougoudale that comprises an equipped borehole, elevated 40m<sup>3</sup> water storage tank, solar power supply, and over 5km of pipework that delivers clean drinking water to nine new water access points across the village. The net impact of this is that the number of water access points in the village has more than trebled.

In the frame of local economic development, Hummingbird engaged with a local NGO to deliver a soap making project that would ultimately benefit over 300 local women across 10 communities. Thanks to the hard effort of the women producer groups, all are now making positive cashflow, and further investment is expected in these groups over the coming years to assist in the move to formalised soap production and sales.

### Local Employment

Local employment presents a genuine opportunity for socio-economic development within our host communities, as well as helping to secure our 'social licence to operate'. The Company signed a "Protocole d'accord" with the local authorities formalising our commitment to maximise local employment.

During the construction phase, peak Project employment stood at just over 1,400 people, of which 90% were Malian and around 35% were from the local communities that surround the mine.

Training programs have been developed to take 'unskilled' workers from the surrounding communities and put them into positions of responsibility and skills working as operators on the plant or truck drivers for our mining contractor, AMS. A state of the art simulator is used by AMS to develop these skills. Hummingbird's local subsidiary, La Société des Mines de Komana ("SMK") is proud to report that of the 36 process plant operators, 32 are from the local community and 25% are women. This compares to an Australian survey in 2014 which cited that only 9% of full time mine employees are women.

Following the construction phase of the Project there has been a decrease in direct Project employment as the operation transitions from construction into operation. However, by working closely with those local workers who have been retrenched, Hummingbird aims to manage labour risks and also identify opportunities for future employment or development of skills that will leave a lasting positive legacy.

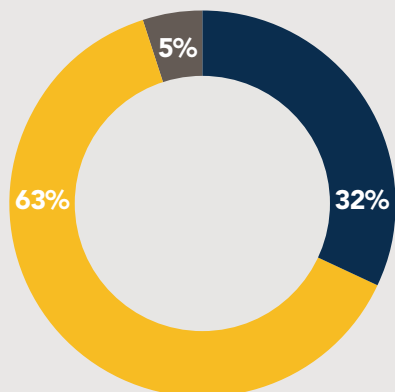
During the operations stage around 800 workers will be employed by Hummingbird and its contractors and early indications suggest that around 95% of these will be Malian. Commitment to local hiring and development of skills is a key priority.

### Stakeholder Engagement

At both sites in Liberia and Mali, Hummingbird employs a full time team responsible for engagement with local communities, authorities and other stakeholders. A robust grievance mechanism is in place to receive, record and handle grievances in a clear and transparent manner.

In Mali over 300 community meetings were held during the course of 2017. This included weekly meetings with community leaders on local employment and monthly formal meetings on community development projects held with leaders and representatives from all stakeholders.

### High proportion of local workforce



- Local 32%
- National 63%
- Expat 5%

# Strategic Report

**The purpose of this report 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 elsewhere in the Strategic Review (the Chairman's Statement, CEO's Statement, Our Strategies and Operational Review form part of this Strategic Report), in order to achieve compliance with the provision of the CA06.**

## Principal risks and uncertainties

The Group and Company are 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:

### Gold price risk

As an unhedged junior mining company operating its first gold mine, the Group is significantly exposed to the gold price.

Should the gold price fall significantly this will impact future reserves, profitability and could ultimately impact the ability to service the debt and meet operating costs.

### Exploration and development risk

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

### Political risk

All of the Group's operational activities are located in Liberia and Mali and the Group is therefore dependent on the political and economic situation in Liberia, Mali and the wider African region. However, the Group aims to mitigate assessed risks by proactive and forward looking assessments and strategic planning, and the development of contingency plans where higher risks are identified.

Mali is engaged in political recovery and stabilisation after a military coup in March 2012 and a French-led military intervention against the separatist Tuareg rebels in the north of Mali in January 2013. In general the security risk in Mali remains high and The United Nations peacekeeping mission in Mali (MINUSMA), established in April 2013 and consisting of over 13,000 military and police, has helped maintain the security situation throughout the remainder of the country. However, France is now overtly supporting the military of the G5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania and Niger) who, in late 2017, commenced active military operations in the north of Mali against Jihadists in the north of the country. The result has been an increase of retaliatory terrorist attacks against the UN and G5 forces during 2018, although this has largely been in the north of Mali. There was one security incident in Bamako in the reporting period when, on 18 June 2017, terrorists attacked a hotel complex just outside of Bamako during which five people were killed. As a result the Group takes the security situation in Mali extremely seriously and has implemented a comprehensive security plan to mitigate the various security risks associated with operating in the country.

Liberia has not been affected by any security incidents during the past year and at the end of March 2018, the United Nations mission in Liberia (UNMIL), which had been present in the country since the end of the civil war in 2003, came to a conclusion with the final departure of UN troops from the country. In December 2017 presidential elections were peacefully held and there was a subsequent smooth transition from President Ellen John-Sirleaf to the former footballer, George Weah, who was inaugurated on 22 January 2018.

The outbreak of the Ebola virus in Liberia during 2014 and 2015 had a large impact on the economy and the country in general. Many businesses were directly and indirectly affected by the epidemic but the country was formally free from Ebola on 14 January 2016. Mali has had two independent outbreaks of Ebola in October and November of 2014 and the government of Mali quickly conducted a successful tracing, quarantine and treatment program of all patients and possible contacts, which resulted in the WHO declaring "all-clear" in January 2015. Nevertheless, the threat of Ebola re-emerging in the region remains possible but the Group maintains robust hygiene measures in order to mitigate and reduce any potential threat to the Group's operations in two countries.

# Strategic Report

## continued

### Principal risks and uncertainties (continued)

#### Licensing and title risk

The Group's exploration and development 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.

There is a risk that negotiations with a Government in relation to the grant, renewal or extension of a licence, or Mineral Development Agreement ("MDA"), may not result in the grant, renewal or extension 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.

Additionally, whilst the Group has diligently investigated title to its licences and, to the best of its knowledge, title 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.

#### Mining risk

The successful operation of the Yanfolila Project is dependent on sufficient ore of the right grades and types being mined on a timely basis. There is a risk that the amounts of ore delivered to the plant are not sufficient to fully supply the plant, leading to reduced gold production and revenues.

Additionally, there is the risk that the mining may not be as efficient as expected, leading to higher costs (e.g. through a lower grade and or more costly than expected, (through dilution, inefficient mining, ore losses, higher strip ratios etc.)). Any significant delays or additional costs of mining, ore losses or additional dilution could result in a significant reduction or delay in revenues, which could lead to the project requiring additional working capital or becoming uneconomic.

#### Dependence on key personnel risk

The Group has entered into contractual arrangement to secure the services of its key personnel, however the retention of these services and the future costs cannot be guaranteed. The loss of any key individuals in the Group's management team or the inability to attract appropriate personnel could impact the Group's performance.

#### Social licence to operate risk

The Group's ability to develop and operate its projects is dependent on the support of its host communities.

To date relations with the host communities in Mali have been positive, however there is a risk that if the relationship deteriorated then the ability of the Group to operate in Mali could be temporarily or permanently adversely impacted.

#### 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 set out below. These are discussed within the Strategic Review.

	2017	2016
Mineral Reserves	<b>700,000oz</b>	700,000oz
Mineral inventory	<b>6,400,000oz</b>	6,400,000oz
Mine development expenditure (cumulative) <sup>(1)</sup>	<b>\$129.2m</b>	\$50.7m
Exploration & development expenditure (annual)	<b>\$1.3m</b>	\$1.0m
First gold pour date achieved (2016 target)	<b>19/12/2017</b>	19/12/2017
Cash balance	<b>\$40.6m</b>	\$53.8m
Share price	<b>£0.3425</b>	£0.1825

1 Includes historic exploration spend on Yanfolila and capitalised interest.

### **Review of financial performance and position**

The Group made a loss after tax of \$5.3m compared to a loss of \$8.4m for the previous year. There were no gold sales made in the year and no revenue was recognised. The loss for the year included other administrative expenses of \$6.4m (which had reduced from \$7.1m in the prior year largely as a result of a reduced loss on foreign exchange), gain on disposal of subsidiaries of \$1.9m arising on the disposal of two exploration subsidiaries in exchange for a significant stake in an associate (Cora Gold Limited), finance income of \$6.5m (representing foreign exchange gains and interest receivable in respect of cash balances) and finance expense of \$6.8m (arising on the revaluation of warrants issued by the Group and foreign exchange losses on the CFA denominated loan from Coris Bank).

As at 31 December 2017 the Group had consolidated net assets of \$144.8m compared to \$136.4m as at 31 December 2016.

The net assets included Non Current Assets of \$197.1m (2016: \$114.2m), Current Assets of \$57.1m (2016: \$63.3m), less total liabilities of \$109.4m (2016: \$41.1m).

Non Current Assets increased from \$114.2m to \$197.1m in the year, largely through additions to the Yanfolila Mine of \$78.5m, funded from the proceeds of the loan from Coris Bank and working capital. Non Current Assets includes Property Plant and Equipment of \$130.0m principally representing the historic cost of acquiring, developing and constructing the Yanfolila mine, \$61.0m and \$2.2m of intangible exploration and evaluation assets in Liberia and Mali respectively, \$0.2m in respect of software and \$3.7m in respect of the Group's 33.85% interest in its associate Cora Gold Limited which was acquired in the year following the sale of two exploration subsidiaries in Mali to Cora Gold Limited.

Current Assets largely consisted of unrestricted cash balances of \$36.2m (2016: \$53.8m) and restricted cash of \$4.4m which is held by Coris Bank as partial security for their loan. Current Assets also included inventories of \$1.4m (2016: \$Nil) of reagents, spares and consumables and trade and other receivables of \$15.1m (2016: \$9.5m) which included \$10.9m (2016: \$nil) due from the Government of Mali as a result of it exercising its rights to acquire an additional 10% in Societe Des Mines De Komana SA (the Group's subsidiary which owns the Yanfolila mine).

Total liabilities increased from \$41.1m to \$109.4m, largely as a result of the new loan from Coris Bank (\$53.4m due in more than one year and \$11.2m due in less than one year) replacing the previous borrowings of \$14.8m, and increased trade and other payables (\$28.4m as at 31 December 2017) in connection with the construction of the Yanfolila Mine. Additionally included within total liabilities are amounts of \$15m (2016: \$15m) in respect of the royalty liability in relation to the Dugbe project in Liberia and \$1.4m (2016: \$0.5m) in respect of warrants issued and outstanding.

**This Strategic Report has been approved by the Board and signed on its behalf by:**

#### **DE Betts**

Director  
23 May 2018

Registered Office:  
49-63 Spencer Street, Hockley, Birmingham, B18 6DE

Company registered in England and Wales 05467327

# Board of Directors

**Russell King**  
Chairman



Russell is Senior Independent Director of Spectris plc and Interserve plc and an Independent Non-Executive Director of BDO LLP. Between 2010 and 2013 he was a Senior Advisor to RBC Capital Markets on Metals and Mining. Prior to this Russell served as Chief Strategy Officer at Anglo American plc where he had global responsibility for strategy, business development, government relations, safety and sustainable development. He was also a member of Anglo American's executive committee for eight years. Additionally, Russell was Senior Independent Non-Executive Director of Aggreko plc, the FTSE 100 temporary power company, from February 2007 to April 2017.

**Daniel Edward Betts**  
Chief Executive Officer



Daniel founded Hummingbird in November 2005 and has run the Company since its inception. 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 in 2005.

**Thomas Hill**  
Finance Director & Company Secretary



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 with BDO LLP in 2001.

**Stephen Alexander Betts**  
Non-Executive Director



Stephen 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.

**Richard David Straker-Smith**  
Non-Executive Director



David Straker-Smith is a Director of CrossBorder Capital Ltd, which he joined in April 1999. CrossBorder Capital is a London-based investment research and advisory firm regulated by the FCA. Previously, he worked at ING Barings Securities Ltd from 1996 to 1999, where he was Head of Equity Sales for Eastern Europe, and at Gerrard & National Holdings plc from 1980 until 1995, a firm which operated as a discount house, futures broker, money broker, stockbroker and fund manager. During his time at Gerrard & National Holdings plc, he became a main Board Director and active Fund Manager. He is a Director of New Vision Management Limited, a Dublin regulated management company, and a Director of Nomad Energy UK Limited.

**Matthew Charles Idiens**  
Non-Executive Director



Matthew co-founded Hummingbird in November 2005 and he has 20 years' experience in natural resource companies. He is a founder and Director of AIM quoted Rose Petroleum 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.

\* Matthew is stepping down at the AGM in June 2018



# Technical Advisory Committee

## David Almgren Pelham

Non-Executive Director (and member of TAC)



David is a mineral geologist with over 35 years global exploration experience. He has worked in over 40 countries in Africa, Europe, North and South America, the Middle East and Asia. He has worked in several West African countries, and oversaw the discovery and early evaluation of the +6 Moz Chirano Gold Mine in Ghana and Hummingbird's 4.2 Moz Dugbe gold deposit in Liberia. He has been closely involved with a number of major discoveries of gold, copper-cobalt, coal, iron ore, chrome and uranium. Converted into in-situ gold-equivalent terms, these new discoveries add up to over 100 Moz of gold. David is a Non-Executive Director of Cora Gold Ltd, which is listed on AIM with Hummingbird as a major shareholder.

\* David is stepping down at the AGM in June 2018

## Adriaan (Attie) Roux

Non-Executive Director (and Chairman of TAC)\*



Attie is a Metallurgical Engineer with over 42 years Operational, Technical and Executive Management experience in the Mining Industry. He was until recently the COO of Endeavour Mining and was instrumental in the development and growth of Endeavour. He has been internal director of a number of Companies in AngloGold Ashanti and Endeavour. He is a Registered Professional with the SA Council for Natural Scientific Professions.

\* Appointed to the Board on 30 April 2018

## George Ernest (Ernie) Nutter

Non-Executive Director (and member of TAC)\*



Ernie is a highly regarded mining analyst, formerly with one of the world's largest money managers, Capital International Asset Managers, from 2004 until his retirement in 2017. Prior to this, he spent over 13 years with the Royal Bank of Canada where he was Managing Director of RBC Capital Markets, Director of RBC's Global Mining Research team and former Chairman of RBC Dominion Securities' (now RBC Capital Markets) Strategic Planning Committee. Mr. Nutter holds a Bachelor of Science degree in Geology from Dalhousie University.

\* Appointed to the Board on 30 April 2018

## Ian Cockerill

Technical Advisory Committee



Ian is the former Non-Executive chairman of Hummingbird. Ian was also formerly CEO of Gold Fields Limited and Anglo Coal Ltd. He is currently Non-Executive director of Endeavour Mining, Chairman of Petmin Limited, Lead Independent director of Ivanhoe Mines, Chairman of the Leadership for Conservation in Africa and Non-executive director of Orica Limited.

## David Lunt

Technical Advisory Committee



David is a metallurgist by training, formerly Technical Director with GRD Minproc and currently running Stirling Mineral Processing consulting group. David has spent his career focussing on the development and design of process plants and has extensive experience in African gold mines having worked on Tarkwa for Gold Fields amongst many others

# 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 December 2017.

## Principal activities

The Group's principal activity is the exploration, evaluation and development of mineral projects, principally gold, focused in West Africa.

The subsidiary and associated undertakings principally affecting the losses or net assets of the Group in the year are listed in note 16 to the financial statements.

## Corporate Governance

The Company acknowledges the policies set out by the corporate governance regime of the United Kingdom. The Directors acknowledge the importance of the guidelines set out in 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 nine members, two 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 (Chairman) and Stephen Betts. 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.

## Post balance sheet events

Events after the reporting date have been disclosed in note 30 to the financial statements.

## Results and dividends

The results of the Group for the year ended 31 December 2017 are set out in the Consolidated Income Statement. The Directors do not recommend payment of a dividend for the year (2016: 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:

	Appointment date	Number of shares at 31 December 2017	Number of shares at 31 December 2016
RJ King	17 November 2014	53,955	53,955
SA Betts <sup>(1 &amp; 2)</sup>	28 April 2006	712,542	712,542
MC Idiens	31 October 2005	2,741,607	2,741,607
DA Pelham	01 April 2008	25,052	25,052
DE Betts <sup>(2 &amp; 3)</sup>	30 October 2005	4,949,149	4,949,149
TR Hill <sup>(4)</sup>	17 July 2012	148,235	148,235
RD Straker-Smith <sup>(5)</sup>		-	-

- SA Betts's interests consist of 148,042 shares held by SA Betts, 92,500 shares held by Caroline Betts, 292,000 shares held by Stephen Betts & Sons Limited, and 180,000 shares held by the Stephen Betts & Sons Limited (Self Administered) Pension Scheme.
- The 292,000 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.
- DE Betts's interest consists of 4,477,149 shares held by DE Betts, 292,000 shares held by Stephen Betts & Sons Limited, and 180,000 shares held by the Stephen Betts & Sons Limited (Self Administered) Pension Scheme.
- TR Hill's interest includes contracts for difference over 5,000 ordinary shares, 58,684 ordinary shares which are held in his pension, and 23,933 ordinary shares which are owned by his wife.
- RD Straker-Smith was appointed on 24 May 2017. Additionally AA Roux and GE Nutter were appointed on 30 April 2018.

The Directors' interests in the share options of the Company at 31 December 2017 were as follows:

	Options at 1 January 2017	Options granted during the year	Options at 31 December 2017	Exercise price	Date of grant	First date of exercise	Final date of exercise
RJ King	125,000	-	125,000	£0.01	17/11/2014	17/11/2015	17/11/2024
RJ King	125,000	-	125,000	£0.01	17/11/2014	17/11/2016	17/11/2024
SA Betts	337,500	-	337,500	£0.22	26/10/2010	24/12/2011	26/10/2020
SA Betts	33,000	-	33,000	£0.22	05/12/2013	01/06/2014	01/06/2024
SA Betts	33,000	-	33,000	£0.22	05/12/2013	01/06/2015	01/06/2025
MC Idiens	450,000	-	450,000	£0.22	26/10/2010	24/12/2011	26/10/2020
MC Idiens	33,000	-	33,000	£0.22	05/12/2013	01/06/2014	01/06/2024
MC Idiens	33,000	-	33,000	£0.22	05/12/2013	01/06/2015	01/06/2025
DA Pelham	225,000	-	225,000	£0.22	26/10/2010	24/12/2011	26/10/2020
DA Pelham	65,000	-	65,000	£0.22	05/12/2013	01/06/2014	01/06/2024
DA Pelham	65,000	-	65,000	£0.22	05/12/2013	01/06/2015	01/06/2025
DE Betts	1,125,000	-	1,125,000	£0.22	26/10/2010	24/12/2011	26/10/2020
DE Betts	217,000	-	217,000	£0.22	05/12/2013	01/06/2014	01/06/2024
DE Betts	217,000	-	217,000	£0.22	05/12/2013	01/06/2015	01/06/2025
DE Betts	150,000	-	150,000	£0.22	05/12/2013	Note 1	Note 1
DE Betts	426,136	-	426,136	£0.01	30/09/2016	19/12/2017	19/12/2022
DE Betts	426,136	-	426,136	£0.01	30/09/2016	Note 2	-
DE Betts	426,136	-	426,136	£0.01	30/09/2016	Note 2	-
DE Betts	426,137	-	426,137	£0.01	30/09/2016	Note 2	-
TR Hill	67,500	-	67,500	£0.22	26/10/2010	24/12/2011	26/10/2020
TR Hill	100,500	-	100,500	£0.22	05/12/2013	01/06/2014	01/06/2024
TR Hill	100,500	-	100,500	£0.22	05/12/2013	01/06/2015	01/06/2025
TR Hill	100,000	-	100,000	£0.22	05/12/2013	Note 1	Note 1
TR Hill	340,909	-	340,909	£0.01	30/09/2016	19/12/2017	19/12/2022
TR Hill	340,909	-	340,909	£0.01	30/09/2016	Note 2	-
TR Hill	340,909	-	340,909	£0.01	30/09/2016	Note 2	-
TR Hill	340,909	-	340,909	£0.01	30/09/2016	Note 2	-
<b>Total</b>	<b>6,670,181</b>		<b>6,670,181</b>				

Note 1 the first date of exercise is at any time on or after the grant of a Mineral Development Agreement to any group company by the Government of Liberia. The final exercise date is 10 years after the grant of a Mineral Development Agreement.

Note 2 the exercise dates are dependent on meeting certain vesting criteria (see note 25).

#### Directors' Remuneration

	Directors emoluments 2017 \$'000	Directors emoluments 2016 \$'000
Directors		
RJ King	47	51
SA Betts	44	47
MC Idiens	44	48
DA Pelham <sup>(1)</sup>	41	44
RD Straker-Smith (appointed as director on 24 May 2017)	28	-
DE Betts <sup>(2)</sup>	479	688
TR Hill	383	491
WBT Cook (resigned as director 30 September 2016)	-	293
<b>Total Directors' remuneration</b>	<b>1,066</b>	<b>1,662</b>

In addition to the amounts above, the Directors are accruing potential benefits under incentive schemes as set out in note 25.

- 1 DA Pelham is entitled to a discovery bonus based on \$0.10 cents per proved/probable resource ounce in respect of the Group's Dugbe Shear Zone licences in Liberia.
- 2 DE Betts is entitled to a contingent deferred bonus as disclosed in note 25.

# 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 December 2017 were equivalent to 55 (2016: 91) days' purchases, based on the average daily amount invoiced by suppliers during the year. Trade payables of the Company at 31 December 2017 were equivalent to 124 (2016: 118) days' purchases, based on the average daily amount invoiced by suppliers during the year.

### Charitable and political donations

The Company has made charitable donations of \$nil (2016: \$nil) during the year. The Company has not made any payments to political parties during the year (2016: \$nil).

### Financial risk management

The Group is exposed to a variety of financial risks including currency risk, credit risk and liquidity risk. Some of the objectives and policies applied by management to mitigate these risks are outlined in both the Strategic Report and note 27 to the Consolidated Financial Statements.

### Future developments

Details of future developments are set out in the CEO's Statement and Chairman's Statement.

### 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 sections 418 of the Companies Act 2006.

RSM UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

This Directors' Report has been approved by the Board and signed on its behalf by:

### DE Betts

Director

23 May 2018

Registered Office:  
49-63 Spencer Street, Hockley, Birmingham, B18 6DE

Company registered in England and Wales 05467327

# Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 statements may differ from legislation in other jurisdictions.

# Independent Auditor's Report

## to the members of Hummingbird Resources plc

### Opinion

We have audited the financial statements of Hummingbird Resources plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company balance sheet, consolidated and parent company statement of changes of equity, consolidated and parent company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Ownership, existence and valuation of the Liberian exploration and evaluation assets

As detailed in note 14, the group continues to hold significant exploration and evaluation assets in the balance sheet of \$61m at 31 December 2017 relating to the Liberian cost pool and, more specifically, the Dugbe gold project (the "Project"). The future recoverability of the Project is dependent upon a number of factors including holding appropriate licences, the local political landscape and the financial viability of the project. There is a risk that any of these factors may prevent the Group from commercially realising the Project and given the amount capitalised in the balance sheet we consider this to be one of the most significant risks of material misstatement.

Our work included, but was not restricted to:

- Reviewing the register of licences and relevant correspondence for material changes to, or breaches of, the terms of licences including ownership rights and expiration; and
- Discussing with management their latest intended plans for developing the Project (including funding) and challenging their assessment of impairment indicators.

# Independent Auditor's Report to the members of Hummingbird Resources plc

## Development of the Yanfolila Mine Development Asset ("MDA")

As set out in note 15, the group has a significant MDA capitalised within property plant and equipment of \$129.2m at 31 December 2017 relating to the construction of the gold mine at Yanfolila in Mali. Given that construction continued throughout 2017, these financial statements include substantial capitalisation during the year of \$78.5m. We assessed the most significant risks of material misstatement to be the existence and ownership of the mine and also the risk of impairment in the event that the mine could not be successfully operated. Management have disclosed uncertainties relating to the recoverability of the MDA in note 4.

Our work included, but was not restricted to:

- Reviewing the financial performance of the mine subsequent to construction and assessing that performance against management's projections; and
- Confirming operation and existence of the mine by instructing an independent Malian accountancy firm to perform a site visit and ownership of the mine by reference to the mining permit.

## Investment by the Government of Mali (the "Government") in Societe des Mines de Komana SA ("SMK")

As disclosed in note 17, the Government exercised its option during the year to subscribe for a further 10% interest in SMK for a consideration of CFA6,024,516,660 (approximately \$11 million) taking the Government's overall interest in SMK to 20%. The basis upon which the consideration would be received by the Group was subject to agreement between the Government and the Group at a later date and given that this was not agreed at 31 December 2017 we considered the risk of non-payment to be one of the most significant risks of material misstatement.

Our work included, but was not restricted to:

- Reviewing the Shareholder Agreement and relevant correspondence with the Government to confirm the terms of the subscription; and
- Challenging management on the risk of default and the consequence of non-payment.

## Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as \$1,841,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of \$90,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

## An overview of the scope of our audit

Our audit approach covered 100% of group revenue and expenditure, group profit, and total group assets and liabilities. It was performed to the materiality levels set out above.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# Independent Auditor's Report to the members of Hummingbird Resources plc

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Michael Thornton (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Central Square  
Fifth Floor  
29 Wellington Street  
Leeds  
23 May 2018



# Consolidated Income Statement

For the year ended 31 December 2017

	Notes	2017 \$'000	2016 \$'000
<b>Continuing operations</b>			
Revenue		-	-
Share based payments	25	(424)	(505)
Other administrative expenses		(6,351)	(7,114)
<b>Administrative expenses</b>			
Finance income	6	(6,775)	(7,619)
Finance expense	9	6,514	668
Profit on disposal of subsidiaries	10	(6,877)	(1,491)
Profit on disposal of subsidiaries	13	1,919	-
Share of associate loss	13	(117)	-
<b>Loss before tax</b>			
Tax	11	(5,336)	(8,442)
<b>Loss for the year attributable to equity holders of the parent</b>			
		(5,336)	(8,442)
<b>Loss per ordinary share</b>			
Basic and diluted (\$ cents)	12	(1.55)	(3.60)

None of the above results were attributable to non-controlling interest (2016: \$nil).

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	2017 \$'000	2016 \$'000
<b>Loss for the year</b>	(5,336)	(8,442)
<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>		
		(5,336)
		(8,442)

None of the above results were attributable to non-controlling interest (2016: \$nil).

# Consolidated Balance Sheet

As at 31 December 2017

	Notes	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets	14	63,249	63,137
Intangible assets software	14	163	-
Property, plant and equipment	15	129,954	51,091
Investment in associate	13	3,704	-
		<b>197,070</b>	114,228
<b>Current assets</b>			
Inventory	17	1,392	-
Trade and other receivables	17	15,135	9,460
Unrestricted cash and cash equivalents	17	36,210	53,839
Restricted cash and cash equivalents	17	4,410	-
		<b>57,147</b>	63,299
<b>Total assets</b>		<b>254,217</b>	177,527
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	18	53,404	-
<b>Current liabilities</b>			
Trade and other payables	20	28,422	10,856
Other financial liabilities	22	16,368	15,510
Borrowings	18	11,246	14,751
<b>Total liabilities</b>		<b>109,440</b>	41,117
<b>Net assets</b>		<b>144,777</b>	136,410
<b>Equity</b>			
Share capital	23	5,176	5,156
Share premium		148,930	148,516
Other reserves		2,000	-
Retained earnings		(15,500)	(17,262)
<b>Equity attributable to equity holders of the parent</b>		<b>140,606</b>	136,410
Non-controlling interest		4,171	-
<b>Total equity</b>		<b>144,777</b>	136,410

The financial statements of Hummingbird Resources Plc were approved by the Board of Directors and authorised for issue on 23 May 2018. They were signed on its behalf by:

**DE Betts**  
 Director

Company number 05467327

The notes to the consolidated financial statements form part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 \$'000	2016 \$'000
<b>Net cash outflow from operating activities</b>	26	<b>(649)</b>	<b>(6,371)</b>
<b>Investing activities</b>			
Purchases of intangible exploration and evaluation assets		<b>(1,233)</b>	(973)
Purchase of intangible assets software		<b>(185)</b>	-
Purchases of mine development assets		<b>(55,858)</b>	(9,610)
Purchases of property, plant and equipment		<b>(510)</b>	(108)
Purchase of shares in associates (see note 13)		<b>(741)</b>	-
Interest received		<b>320</b>	160
<b>Net cash used in investing activities</b>		<b>(58,207)</b>	<b>(10,531)</b>
<b>Financing activities</b>			
Net proceeds from issue of shares		-	66,315
Exercise of warrants		<b>434</b>	-
Loan interest paid		<b>(3,955)</b>	(1,303)
Loans repaid		<b>(15,000)</b>	-
Loans received net of issue costs		<b>57,980</b>	-
<b>Net cash from financing activities</b>		<b>39,459</b>	<b>65,012</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(19,397)</b>	<b>48,110</b>
Effect of foreign exchange rate changes		<b>6,178</b>	(1,491)
<b>Cash and cash equivalents at beginning of year</b>		<b>53,839</b>	<b>7,220</b>
<b>Cash and cash equivalents at end of year</b>		<b>40,620</b>	<b>53,839</b>

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital \$'000	Share premium \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity attributable to the parent \$'000	Non-controlling interest \$'000	Total \$'000
<b>As at 31 December 2015</b>	<b>1,723</b>	<b>81,428</b>	-	<b>(9,499)</b>	<b>(73,652)</b>	-	<b>73,652</b>
<b>Comprehensive loss for the year:</b>							
Loss for the year	-	-	-	(8,442)	(8,442)	-	(8,442)
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(8,442)</b>	<b>(8,442)</b>	-	<b>(8,442)</b>
Transactions with owners in their capacity as owners							
Issue of shares net of costs	3,433	67,088	-	-	70,521	-	70,521
<b>Total transactions with owners in their capacity as owners</b>	<b>3,433</b>	<b>67,088</b>	-	-	<b>70,521</b>	-	<b>70,521</b>
Share based payments	-	-	-	679	679	-	679
<b>As at 31 December 2016</b>	<b>5,156</b>	<b>148,516</b>	-	<b>(17,262)</b>	<b>136,410</b>	-	<b>136,410</b>
<b>Comprehensive loss for the year:</b>							
Loss for the year	-	-	-	(5,336)	(5,336)	-	(5,336)
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(5,336)</b>	<b>(5,336)</b>	-	<b>(5,336)</b>
Transactions with owners in their capacity as owners							
Acquisition of minority interest (see note 23)	-	-	2,000	(1,000)	1,000	-	1,000
Disposal of minority interest (see note 17)	-	-	-	6,678	6,678	4,171	10,849
Exercise of warrants	20	414	-	-	434	-	434
<b>Total transactions with owners in their capacity as owners</b>	<b>20</b>	<b>414</b>	<b>2,000</b>	<b>5,678</b>	<b>8,112</b>	<b>4,171</b>	<b>12,283</b>
Share based payments	-	-	-	1,420	1,420	-	1,420
<b>As at 31 December 2017</b>	<b>5,176</b>	<b>148,930</b>	<b>2,000</b>	<b>(15,500)</b>	<b>140,606</b>	<b>4,171</b>	<b>144,777</b>

## Share capital

The share capital comprises the issued ordinary shares of the company at par value.

## Share premium

The share premium comprises the excess value recognised from the issue of ordinary shares for consideration above par value.

## Other Reserves

Other reserves comprise of shares that are awaiting to be issued in connection with the purchase of minority interest.

## Retained earnings

Retained earnings comprise the group's cumulative accounting profits and losses since inception less dividends.

## Non-controlling interest

The non-controlling interest relates to the 20% stake the Government of Mali has in Société Des Mines De Komana SA ("SMK") which owns and operates the Yanfolila Mine.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 1 General information

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

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

## 2 Adoption of new and revised standards

The financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2016. The following standards have been adopted in the year with no material impact on the financial statements of the Company or the Group.

IAS 7	(effective 1 January 2017)	Disclosure initiative
IAS 12	(effective 1 January 2017)	Recognition of deferred tax assets for unrealised losses

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).

IFRS 2	(effective 1 January 2018)	Classification and measurement of share-based payment transactions
IFRS 9	(effective 1 January 2018)	Financial Instruments
IFRS 15	(effective 1 January 2018)	Revenue from contracts with customers
IFRS 16	(effective 1 January 2019)	Leases
IFRS 17	(effective 1 January 2021)	Insurance contracts
IFRIC 22	(effective 1 January 2019)	Foreign Currency Transactions and Advance Consideration
IFRIC 23	(effective 1 January 2019)	Uncertainty over Income Tax Treatments
IAS 28	(effective 1 January 2019)	Sale or contribution of assets between an investor and its associates or joint venture.

IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management have completed an assessment of the gold sale contract and, based on the analysis performed, do not anticipate any material impact to the recognition of revenue upon adoption of this standard given 2018 will be the first year of revenue generation in the history of the Group.

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement. The requirements of IFRS 16 extend to certain service contracts, such as mining contractors in which the contractor provides services and the use of assets, which may impact the Group. Accordingly, the Group has initiated a review of relevant contracts to complete an impact assessment.

IFRS 9 'Financial instruments' addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39, that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Management do not anticipate any material impact on adoption of this standard.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 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 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 \$1.3491 (2016: \$1.23016).

### Going concern

Having prepared forecasts and budgets based on current expected revenues, expenditures and financial commitments, the Directors believe that the Group will be able to meet its obligations as they fall due, and accordingly have adopted the going concern basis for the preparation of these financial statements.

Should additional costs arise then additional funding may need to be raised to continue the activities of the Group through the raising of equity capital, debt financing, joint venture projects, farm-outs or other means. There is no guarantee that such financing will be obtained if or when required.

### 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 December 2017. 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 period 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.

### Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee.

Investments in associates are recognised in the consolidated financial statements using the equity method of accounting. The Group's share of post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition movements in other comprehensive income are recognised directly in other comprehensive income. The carrying value of the investment, including goodwill is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

### 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 profit or loss in the period in which they arise.

### **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.

### **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**

Once the legal rights are obtained to explore 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 E&E 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 Mine Development assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 3 Significant accounting policies (continued)

### 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.

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 there to be two cost pools, the whole of Liberia and Mali to be one cost pool each and therefore aggregates all Liberian and Malian assets for the purposes of determining whether impairment of E&E assets has occurred.

### Intangible assets software

Intangible software assets are carried at cost less accumulated amortisation. Amortisation of the software to the income statement will be completed in line with the useful life of the software. However, where the software assets relate to mine development assets, amortisation to mine development will occur and follow the amortisation of mine development as shown below.

### Property, plant and equipment

Property, plant and equipment ("PP&E") are carried at cost less accumulated depreciation and any recognised impairment loss. With the exception of mine development assets, depreciation and amortisation is charged so as to write off the cost or valuation of assets:

Development assets - vehicles	10% - 33.3% per annum
Development assets - other	10% - 33.3% per annum
Other	10% - 33.3% per annum

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.

Mine Development assets include appropriate exploration and evaluation costs transferred on development of an exploration property. Mine Development costs are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, at least at every balance sheet date. Mine Development costs are not depreciated during the development phase until the property is considered capable of operating in a manner intended by management when it commences commercial production. Although first gold pour was achieved pre year end on 19 December 2017 there is a ramp up phase before the Group reaches commercial production. Commercial production was declared on 1 April 2018 and at this point Mine Development assets are transferred to a Mining property and is depreciated on a unit-of-production method.

### 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.

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 (or 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 (or 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 (or 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.



### **Borrowing costs**

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale. Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, or if construction is interrupted for an extended period. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### **Inventory**

Inventory consists of consumable stores and are valued at weighted average cost after appropriate impairment of redundant and slow moving items. Consumable stock for which the group has substantially all the risks and rewards of ownership are brought onto the statement of financial position as current assets.

### **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 in 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.

#### **Warrants**

Due to the exercise price of the warrants being in a different currency to the functional currency to the Group, at each reporting date the warrants are valued at the fair value with changes of fair value recognised in the profit and loss as they arise. Fair value is measured using the Black-Scholes model.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 3 Significant accounting policies (continued)

### Other financial liabilities (accounting for royalty financing)

In order to determine the appropriate accounting treatment for the royalty financing which is described in note 22, assessment is required of whether the substance of the arrangements constituted a financial liability, prior to commercial production the Group can be required to deliver cash to the provider in certain circumstances which are not all within the Group's control then this is considered by the Group to represent a financial liability. The Group has chosen not to designate this as "a fair value through profit or loss" financial liability and therefore it is recognised at amortised cost. On commencement of commercial production, once the Group is only obliged to pay a percentage of its revenue, then this is considered to have extinguished the financial liability, and this is recognised as a part disposal of the relevant asset.

### Borrowings

As per IAS 39 Financial Instruments, loans are measured at amortised cost determined using the effective interest rate method.

### Equity

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### Share-based payments

The Group has applied IFRS 2 Share based Payment for all share based payments.

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

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 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 (or other instruments) that will eventually vest. For equity settled share based payments the corresponding amount is credited to retained earnings. For cash settled share based payments the corresponding amount is recognised as a liability and remeasured at each balance sheet date with any changes in fair value being recognised in the income statement.

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 of share options are 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 during the year, the exploration and development of mineral resources, and two geographical segments, being Liberia and Mali.

### Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date, which is the date when control passes to the Company. The results of the acquired operations are included in the consolidated income statement from the date on which control was obtained. Any difference arising between the fair value and tax base of the acquiree's assets and liabilities that give rise to a taxable deductible difference results in recognition of deferred tax liability. No deferred tax liability is recognised on goodwill.

#### 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 E&E 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 E&E 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 the 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.

##### Recoverability of mine development assets

Determination as to whether, and by how much, an asset or cash generating unit is impaired involves management estimates on highly uncertain matters such as future commodity prices, expected production and sales volumes, estimates of future operating expenses, life of mine and applicable discount rates.

There is a possibility that changes in circumstances will alter these projections, which may impact on the recoverability amount of the assets.

##### Other receivables due from Government of Mali

Included in trade and other receivables is an amount of \$10,955,000 due from the Government of Mali. This arose on the Government of Mali exercising its right to acquire an additional 10% of Societe Des Mines De Komana SA during the year, and the Company is in discussions with the Government of Mali as to the timing and mechanism of payment of this consideration. The relevant shares will not be issued until the payment mechanism has been agreed. The Company reassesses the recoverability of this balance at each reporting period taking into account the relevant facts and circumstances, and there is the possibility that a change in circumstances may impact the recoverability of this asset.

##### Deferred tax assets

In assessing the probability of realizing potential deferred tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized and recognized income tax assets, and there is the possibility that a change in circumstances may impact on the recoverability of the relevant deferred tax asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 5 Segmental analysis

### Income statement for the year ending 31 December 2017

	Mali \$'000	Liberia \$'000	Corporate \$'000	Total \$'000
Segment result before and after allocation of central costs	(1,081)	33	(5,727)	<b>(6,775)</b>
Finance income	5,142	-	1,372	<b>6,514</b>
Finance expense	(6,019)	-	(858)	<b>6,877</b>
Profit on disposal of subsidiaries	1,919	-	-	<b>1,919</b>
Share of associate loss	-	-	(117)	<b>(117)</b>
<b>Loss before tax</b>	<b>(39)</b>	<b>33</b>	<b>(5,330)</b>	<b>(5,336)</b>
Tax	-	-	-	-
<b>Loss after tax</b>	<b>(39)</b>	<b>33</b>	<b>(5,330)</b>	<b>(5,336)</b>
Other charges	-	-	(10)	<b>(10)</b>
Depreciation charged to the income statement	-	-	(10)	<b>(10)</b>
Share based payments charged to the income statement	-	-	(424)	<b>(424)</b>

### Balance Sheet at 31 December 2017

	Mali \$'000	Liberia \$'000	Corporate \$'000	Total \$'000
Segment assets	177,674	61,098	15,445	<b>254,217</b>
Segment liabilities	(87,269)	(15,192)	(6,979)	<b>(109,440)</b>
<b>Segment net assets</b>	<b>90,405</b>	<b>45,906</b>	<b>8,466</b>	<b>144,777</b>

### Income statement for the year ending 31 December 2016

	Mali \$'000	Liberia \$'000	Corporate \$'000	Total \$'000
Segment result before and after allocation of central costs	(432)	(62)	(7,125)	<b>(7,619)</b>
Finance income	67	-	601	<b>668</b>
Finance expense	-	-	(1,491)	<b>(1,491)</b>
<b>Loss before tax</b>	<b>(365)</b>	<b>(62)</b>	<b>(8,015)</b>	<b>(8,442)</b>
Tax	-	-	-	-
<b>Loss after tax</b>	<b>(365)</b>	<b>(62)</b>	<b>(8,015)</b>	<b>(8,442)</b>
Other charges	-	-	(8)	<b>(8)</b>
Depreciation charged to the income statement	-	-	(8)	<b>(8)</b>
Share based payments charged to the income statement	-	-	(505)	<b>(505)</b>

### Balance Sheet at 31 December 2016

	Mali \$'000	Liberia \$'000	Corporate \$'000	Total \$'000
Segment assets	62,980	60,631	53,916	<b>177,527</b>
Segment liabilities	(19,965)	(15,129)	(6,023)	<b>(41,117)</b>
<b>Segment net assets</b>	<b>43,015</b>	<b>45,502</b>	<b>47,893</b>	<b>136,410</b>

## 6 Administrative expenses by nature

	2017 \$'000	2016 \$'000
Other income	(98)	(47)
Depreciation of property, plant and equipment (see note 15)	10	8
Staff costs excluding share based payments and employers NI accrual on share options	2,210	3,145
Net foreign exchange losses	377	1,668
Audit fees including fees paid to subsidiary auditors (see note 7)	60	68
Non-audit fees payable to associates of the Company's auditor (see note 7)	17	8
Communications and IT	121	91
Insurance	159	162
Marketing	208	222
Rent under operating leases	134	98
Office expenses	123	175
Professional and consultancy	2,574	1,187
Travel and accommodation	300	281
Bank charges	3	16
Share based payments	424	505
Charge of employers NI accrual on share options	153	32
	<b>6,775</b>	<b>7,619</b>

## 7 Auditor's remuneration

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

	2017 \$'000	2016 \$'000
<b>Audit fees</b>		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	39	41
Fees payable to the Company's auditors for the audit of certain subsidiaries	8	9
<b>Total audit fees</b>	<b>47</b>	<b>50</b>
<b>Non-audit fees payable to associates of the Company's auditor</b>		
Taxation compliance	8	8
Taxation advice	9	-
<b>Total non-audit fees</b>	<b>17</b>	<b>8</b>

## 8 Staff costs

The average monthly number of employees and Directors was:

	2017 Number	2016 Number
Directors	7	7
Other employees	102	40
	<b>109</b>	<b>47</b>

	2017 \$'000	2016 \$'000
Their aggregate remuneration comprised:		
Wages and salaries	6,403	3,723
Social security costs	1,056	479
Pension	97	92
Share based payments	1,844	832
Provision for potential social security costs related to share based payments	361	200
	<b>9,761</b>	<b>5,326</b>

Within wages and salaries, \$1,007,000 (2016: \$1,587,000) relates to remuneration payable to Directors, included within share based payments is \$424,000 (2016: \$153,000) accrued under cash-settled share based payment scheme payable to Directors, and within pension is \$59,000 (2016: \$75,000) relating to pension contributions in respect of Directors.

The total remuneration of the highest paid director is \$479,000 (2016: \$688,000) comprising \$444,000 (2016: \$657,000) in relation to wages and salaries and pension contributions of \$35,000 (2016: \$31,000). In addition, an amount of \$424,000 (2016: \$153,000) is accrued under the cash-settled share based payment scheme.

The number of directors to whom benefits are accruing under defined contribution pension schemes is 2 (2016: 2). Included within staff costs is \$258,000 (2016: \$428,000) capitalised to intangible exploration and evaluation assets and \$6,797,000 (2016: \$1,217,000) capitalised in to Mine Development assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 9 Finance income

	2017 \$'000	2016 \$'000
Interest on bank deposits	336	209
Foreign exchange gain	6,178	-
Gain on revaluation of warrants (see note 24)	-	459
	<b>6,514</b>	<b>668</b>

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

## 10 Finance expense

	2017 \$'000	2016 \$'000
Foreign exchange loss	6,019	1,491
Loss on revaluation of warrants (see note 24)	858	-
	<b>6,877</b>	<b>1,491</b>

## 11 Tax

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

	2017 \$'000	2016 \$'000
<b>Loss before tax</b>	<b>(5,336)</b>	<b>(8,442)</b>
<b>Tax credit at the rate of tax 19.25% (2016: 20%)</b>	<b>(1,027)</b>	<b>(1,688)</b>
Tax effect of non-deductible expenses	3	3
Items not subject to tax	191	(36)
Deferred tax asset not recognised	833	1,721
<b>Tax expense for the year</b>	<b>-</b>	<b>-</b>

In the UK, the main rate of corporation tax for the year was 19.25% (2016: 20%). The standard rate of tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 19.25%.

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

	2017 \$'000	2016 \$'000
<b>Losses</b>		
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent	<b>(5,336)</b>	<b>(8,442)</b>
<b>Number of shares</b>	<b>2017 Number</b>	<b>2016 Number</b>
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>343,566,800</b>	234,603,288
<b>Loss per ordinary share</b>	<b>2017 \$ cents</b>	<b>2016 \$ cents</b>
Basic and diluted	<b>(1.55)</b>	<b>(3.60)</b>

At the balance sheet date there were 20,515,061 (2016: 23,446,146) potentially dilutive ordinary shares. Potentially dilutive ordinary shares include share options issued to employees and Directors, warrants issued and the conditional acquisition of the 20% interest in the Joe Village licence, which the Group did not previously own as described in note 23. In addition the Group acquired the 5% equity stake in Société Des Mines De Komana SA ("SMK") from La Petite Mine D'Or and a 1% royalty for ordinary share capital as disclosed in note 23. At 31 December 2017 the potential ordinary shares are anti-dilutive and therefore there is no difference between basic and diluted loss per share.

### 13 Associate

On 11 April 2017 the Group entered in to a sale and purchase agreement to sell two exploration companies containing exploration permits, Hummingbird Exploration Mali SARL ("HEM") and Sankarani Resources SARL ("SKR"), to Cora Gold Limited ("Cora") in exchange for 50% shareholding in Cora.

Cora issued 50,000 shares to Trochilidae Resources Limited ("TRL"), a 100% owned subsidiary of the Company, representing 50% of the total shares in issue. The Company purchased 3,967 new shares in Cora for a consideration of \$242,000 on 28 April 2017 representing 50% of the shares issued to maintain the combined total shares owned by the Group at 50%.

On 30 August 2017 the Company was issued 491 shares in Cora as settlement of an invoice of \$30,000 in relation to accounting and administration costs incurred in relation to the amalgamation.

On 15 September 2017 Cora sub-divided each share in issue into 300 ordinary shares. As a result the Company owned 1,337,400 shares and TRL owned 15,000,000 shares.

On 9 October 2017 the Company purchased 2,272,727 new shares in the Cora Initial Public Offering.

As at 31 December 2017 the Group holds a total of 18,610,127 shares in Cora representing 33.85% of the issued share capital at 31 December 2017. The market value of the shares at 31 December 2017 is \$3,013,000. The Group has significant influence through virtue of its shareholding together with the right to appoint two representatives to the board of directors. The investment held in Cora is recognised in the consolidated financial statements using the equity method of accounting.

Cora Gold Limited ("Cora") is incorporated and domiciled in the British Virgin Islands with securities traded on the AIM market of the London Stock Exchange. The principal activity of Cora and its subsidiaries is the exploration and development of mineral projects, with a primary focus in West Africa, which is aligned with the principal activities of Hummingbird.

#### Profit on disposal of subsidiaries

	\$'000
Assets disposed	1,155
Liabilities disposed	(24)
Net assets disposed	1,131
Fair value of assets at disposal	(3,050)
<b>Profit on disposal of subsidiaries</b>	<b>1,919</b>

#### Investment in associates

	\$'000
<b>At 31 December 2016</b>	<b>-</b>
Fair value of the assets at disposal of subsidiaries	3,050
Share purchased for cash	741
Cost of transactions paid in shares	30
Share of losses during the year	(117)
<b>At 31 December 2017</b>	<b>3,704</b>

The Group's interest in the associate as at 31 December 2017 is set out below:

	\$'000
Share of:	
Non-current assets	1,773
Current assets	1,195
Current liabilities	(58)
<b>Net assets</b>	<b>2,910</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 14 Intangible assets

### Intangible exploration and evaluation assets

	Liberia \$'000	Mali \$'000	Total \$'000
<b>Cost</b>			
<b>At 31 December 2015</b>	<b>59,902</b>	<b>2,187</b>	<b>62,089</b>
Additions for the year	635	413	1,048
<b>At 31 December 2016</b>	<b>60,537</b>	<b>2,600</b>	<b>63,137</b>
Additions for the year	467	800	1,267
Disposal to associate	-	(1,155)	(1,155)
<b>At 31 December 2017</b>	<b>61,004</b>	<b>2,245</b>	<b>63,249</b>

Additions to intangible exploration and evaluation assets during the year include \$34,000 (2016: \$49,000) of capitalised depreciation of property, plant and equipment used in exploration and evaluation activities.

The intangible exploration and evaluation assets in respect of Liberia principally relate to the Dugbe Gold Project. The Group has signed a Mineral Development Agreement with the Government of Liberia and once ratified by parliament, the Government will be granted a 10% carried interest in Hummingbird Resources (Liberia) Inc, the company owning the Dugbe Gold Project.

The exploration licences in Mali provide the Government with the right to a 10% carried interest and the right to buy a further 10% share in any mining company set-up to hold exploitation licences granted in respect of these exploration licences. The Mali licences transferred to Cora Gold (see note 13) resulted in the intangible exploration and evaluation assets of these licences no longer forming part of the group, as a result these have been shown as discontinued operations in the above note.

### Intangible software assets

	Total \$'000
<b>Cost</b>	
<b>At 31 December 2016</b>	-
Additions for the year	185
<b>At 31 December 2017</b>	<b>185</b>
<b>Accumulated amortisation</b>	
At 31 December 2016	-
Amortisation for the year	(22)
<b>At 31 December 2017</b>	<b>(22)</b>
<b>Carrying amount</b>	
<b>At 31 December 2017</b>	<b>163</b>

Intangible software assets include software purchased for the operations of the mine. Amortisation for the year has been capitalised in to mine development assets \$22,000 (2016: \$nil).



## 15 Property, plant and equipment

	Mine development assets \$'000	Development assets - vehicles \$'000	Development assets - other \$'000	Other \$'000	Total \$'000
<b>Cost</b>					
<b>At 31 December 2015</b>	<b>37,581</b>	<b>2,323</b>	<b>2,328</b>	<b>1,099</b>	<b>43,331</b>
Additions	13,104	110	-	3	13,217
Disposals	-	(138)	(91)	-	(229)
<b>At 31 December 2016</b>	<b>50,685</b>	<b>2,295</b>	<b>2,237</b>	<b>1,102</b>	<b>56,319</b>
Additions	78,537	117	80	312	79,046
Disposals	-	-	-	(42)	(42)
<b>At 31 December 2017</b>	<b>129,222</b>	<b>2,412</b>	<b>2,317</b>	<b>1,372</b>	<b>135,323</b>
<b>Accumulated depreciation</b>					
<b>At 31 December 2015</b>	-	<b>2,219</b>	<b>1,965</b>	<b>1,041</b>	<b>5,225</b>
Charge for the year	-	71	120	29	220
Disposals	-	(138)	(79)	-	(217)
<b>At 31 December 2016</b>	-	<b>2,152</b>	<b>2,006</b>	<b>1,070</b>	<b>5,228</b>
Charge for the year	-	69	89	25	183
Disposals	-	-	-	(42)	(42)
<b>At 31 December 2017</b>	-	<b>2,221</b>	<b>2,095</b>	<b>1,053</b>	<b>5,369</b>
<b>Carrying amount</b>					
<b>At 31 December 2017</b>	<b>129,222</b>	<b>191</b>	<b>222</b>	<b>319</b>	<b>129,954</b>
<b>At 31 December 2016</b>	<b>50,685</b>	<b>143</b>	<b>231</b>	<b>32</b>	<b>51,091</b>

Of the property, plant and equipment depreciation charged in the year, \$34,000 (2016: \$49,000) was capitalised into intangible exploration and evaluation assets, and \$139,000 (2016: \$163,000) was capitalised into mine development assets, with the balance being charged to the income statement.

The additions to Mine Development assets include capitalised borrowing costs of \$5,012,000 (2016: \$2,129,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 16 Subsidiaries

The Company had investments in the following subsidiary undertakings as at 31 December 2017:

Name	Country of incorporation	Proportion of voting interest %	Activity
<b>Directly held</b>			
<b>Trochilidae Resources Limited</b> Falcon Cliff, Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding & service company
<b>Hummingbird Resources (Liberia) Inc.</b> Hummingbird House, Sophie Area, Congo Town, Monrovia, Montserrado County, Republic of Liberia.	Liberia	100	Exploration & development
<b>Afro Minerals Inc.</b> Hummingbird House, Sophie Area, Congo Town, Monrovia, Montserrado County, Republic of Liberia.	Liberia	80	Dormant
<b>Golden Grebe Mining Limited</b> 49-63 Spencer Street, Hockley, Birmingham, West Midlands, England B18 6DE, UK	United Kingdom	100	Intermediate holding company
<b>Indirectly held</b>			
<b>Deveton Mining Company</b> Hummingbird House, Sophie Area, Congo Town, Monrovia, Montserrado County, Republic of Liberia.	Liberia	80	Dormant
<b>Sinoe Exploration Limited</b> Warren & Carey Street Intersection, Opposite Central Bank, Monrovia, Montserrado County, Republic of Liberia.	Liberia	90	Exploration
<b>Hummingbird Security Limited</b> Hummingbird House, Sophie Area, Congo Town, Monrovia, Montserrado County, Republic of Liberia.	Liberia	100	Security
<b>Glencar Mining Plc</b> 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland	Ireland	100	Intermediate holding company
<b>Centrebind Agency Limited</b> 17 Gr. Xenopoulou, 3106 Limassol, Cyprus	Cyprus	100	Intermediate holding company
<b>Glencar International (BVI) Limited</b> Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	British Virgin Islands	100	Intermediate holding company
<b>Glencar Mali SARL</b> Sebenicoro Villa Fatoumata Bangoura Cissoko Lot B11 Commune IV Bamako, Mali	Mali	100	Exploration
<b>Société des Mines de Komana SA</b> Sebenicoro Villa Fatoumata Bangoura Cissoko Lot B11 Commune IV Bamako, Mali	Mali	90	Development & Mining
<b>Yanfolila Mining Limited</b> Falcon Cliff, Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding company
<b>Yanfolila Finance Limited</b> Falcon Cliff, Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Finance company
<b>Yanfolila Holdings Limited</b> Falcon Cliff, Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding company

Additionally the Group has a 33.85% investment in Cora Gold Limited. This interest is treated as on associate, see note 13.

## 17 Current assets

### Inventory

Inventory consists of reagents, spares and consumables for the mine. The carrying value of inventory at 31 December 2017 was \$1,392,000 (2016: \$nil).

### Trade and other receivables

	2017 \$'000	2016 \$'000
Other receivables	14,107	5,594
VAT recoverable	476	666
Prepayments and accrued income	552	3,200
	<b>15,135</b>	<b>9,460</b>

Included within other receivables is an amount of CFA 6,024,516,660 (\$10,955,000) due from the Government of Mali, which arose during the year on the Government of Mali exercising its rights to acquire an additional 10% interest in the share capital of Société des Mines de Komana SA to take its interest to 20%. The shares can only be issued once the payment mechanism is agreed and the Company is in discussions with the Government of Mali regarding the timing and mechanism for payment of this consideration. The Directors consider that the carrying amount of the other receivables approximates their fair value and none of which are past due.

### Cash and cash equivalents

Cash and cash equivalents as at 31 December 2017 of \$36,210,000 (2016: \$53,839,000) comprise cash held by the Group.

### Restricted cash and cash equivalents

Restricted cash and cash equivalents of \$4,410,000, is cash held in an escrow account as part of the security for the Coris Bank loan (see note 18). The Directors consider that the carrying amount of these assets approximates their fair value.

### Net debt reconciliation

	At 1 January 2017 \$'000	Cashflow \$'000	Foreign Exchange Movement \$'000	Amortisation of issue costs \$'000	At 31 December 2017 \$'000
Unrestricted cash	53,839	(23,512)	5,883	-	36,210
Restricted cash	-	4,115	295	-	4,410
<b>Total cash and cash equivalents</b>	<b>53,839</b>	<b>(19,397)</b>	<b>6,178</b>	<b>-</b>	<b>40,620</b>
Borrowings (see note 18)	(14,751)	(42,980)	(6,019)	(900)	(64,650)
<b>Net debt</b>	<b>39,088</b>	<b>(62,377)</b>	<b>159</b>	<b>(900)</b>	<b>(24,030)</b>

## 18 Borrowings

	Taurus Loan \$'000	Coris Loan \$'000
<b>At 1 January 2017</b>	14,751	-
Repaid during the year	(15,000)	-
Received during the year	-	61,629
Foreign exchange loss during the year	-	6,019
New issue costs incurred and capitalised in the year	-	(3,649)
Issue costs amortised in the year	249	651
<b>Total borrowing at 31 December 2017</b>	<b>-</b>	<b>64,650</b>
Payable within one year included under current liabilities	-	11,246
Payable after one year included under non-current liabilities	-	53,404

The Groups subsidiary, Société des Mines de Komana SA ("SMK"), on 10 April 2017 entered into a senior secured term debt facility with Coris Bank International ("Coris") for CFA 37,000,000,000 (approximately \$60,000,000). On 11 April 2017 SMK drew down the CFA 15,500,000,000 (approximately \$25,000,000) and on 4 July 2017 drew down the remaining CFA 21,500,000,000 (approximately \$35,000,000).

The senior secured term debt facility has the following key terms:

- A 4 year term
- Interest at 9% per annum (payable monthly).
- A deferral period of 12 months from first draw down.

As per IAS 39 financial instruments the loans have been measured at amortised cost. During the year to 31 December 2017 total issue costs incurred in the year of \$3,649,000 (2016: \$783,000) have been offset against the loan and \$900,000 (2016: \$569,000) of issue costs were amortised to mine development assets. During the year to 31 December 2017 \$4,112,000 (2016: \$1,380,000) of loan interest costs were charged to mine development assets.

Security for the loan was granted to Coris over the assets of SMK, a parent company guarantee and restricted cash held in an escrow account (see note 17).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 19 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 December 2017, the Group had unrecognised deferred tax assets of \$6,554,000 (2016: \$5,761,000) 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.

## 20 Trade and other payables

	2017 \$'000	2016 \$'000
Trade payables	11,939	3,566
Other taxes and social security	4,694	2,841
VAT payable	310	465
Accruals	9,762	3,372
Other payables	1,717	612
	<b>28,422</b>	<b>10,856</b>

The average credit period taken for trade purchases is 55 days (2016: 91 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.

Included within accruals is an amount of \$792,000 (2016: \$284,000) being an apportionment of the cash award in respect of Hummingbird Incentive Plan – Performance Orientated (“HIPPO”) (see note 25). The pension creditor at 31 December 2017 was \$9,000 (at 31 December 2016 \$8,000).

## 21 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:

	2017 \$'000	2016 \$'000
Within one year	1,731	131
In the second to fifth years inclusive	6,785	58
Greater than five years	2,436	-
	<b>10,952</b>	<b>189</b>

Operating lease payments represent rentals payable by the Group for the Yanfolila Gold Mine power plant generators, in addition lease costs for properties located in Liberia, Mali, and the head office in the UK.

## 22 Other financial liabilities

	2017	2016
	\$'000	\$'000
Royalty liability	15,000	15,000
Warrant liability (see notes 10 and 24)	1,368	510
	<b>16,368</b>	<b>15,510</b>

### Royalty liability

On 17 December 2012 the Group entered into a royalty financing arrangement with APG AUS No 5 Pty Limited (a wholly owned subsidiary of Anglo Pacific Group Plc) ("APG") in relation to the Dugbe 1 Project.

Under the terms of the agreement APG agreed to advance \$15m in three equal tranches subject to the satisfaction of certain criteria. The first tranche of \$5m was received on 14 March 2013 and the second tranche of \$5m was received on 10 April 2013, the third tranche of \$5m was received on 13 March 2014 giving a total of \$15m due at 31 December 2016.

During the prior year the advances were converted into a 2% net smelter return royalty from any sales of product mined within a 20km radius of Dugbe F. After an initial grace period of six months following the commencement of commercial production, in the event that quarterly sales of gold produced are less than 50,000 oz, additional quarterly payments will be required until such time as the cumulative royalty paid is \$15m (the maximum total payment in any such quarter is equivalent to the royalty that would have arisen on sales of 50,000 oz of gold). Following this period the royalty is 2% except where both the average gold price is above \$1,800 and sales of gold are less than 50,000 oz, in which case it increases to 2.5% in respect of that quarter.

The amount advanced of \$15m is repayable in certain limited circumstances, such as a change in control, and therefore is treated as a financial liability.

Issue costs of \$292,000 have been capitalised within intangible exploration and evaluation assets.

The amounts advanced are secured by legal charges over the assets of Hummingbird Resources (Liberia) Inc and Sinoe Exploration Limited, and a legal charge over the shares of Hummingbird Resources (Liberia) Inc, Sinoe Exploration Limited and Golden Grebe Mining Limited. Additionally, the Company has provided a guarantee to APG regarding the obligations of its subsidiaries in respect of this arrangement.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 23 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

	2017		2016	
	Number	\$'000	Number	\$'000
<b>Issued and fully paid</b>				
Ordinary shares of £0.01 each	<b>344,741,250</b>	<b>5,176</b>	343,241,250	5,156

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

	Ordinary Shares of £0.01 Number
<b>At 1 January 2016</b>	<b>106,952,469</b>
Issue of shares (a)	225,188,781
Issue of shares (b)	11,100,000
<b>At 31 December 2016</b>	<b>343,241,250</b>
Issue of shares – exercise of warrants (c)	750,000
Issue of shares - exercise of warrants (d)	750,000
<b>At 31 December 2017</b>	<b>344,741,250</b>

#### (a) Issue of shares

On 21 June 2016 225,188,781 shares were issued at a price of £0.22 in return for £49,542,000 (\$72,370,000) before costs.

#### (b) Issue of shares

On 15 August 2016 11,100,000 shares were issued at a price of £0.26 in return for £2,886,000 (\$3,727,000) before costs.

#### (c) Issue of shares

On 11 September 2017 750,000 warrants were exercised at a price of £0.22 in return for £165,000 (\$217,607).

#### (d) Issue of shares

On 14 November 2017 750,000 warrants were exercised at a price of £0.22 in return for £165,000 (\$216,251).

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 31 December 2017 the acquisition had not yet completed and the shares had not been issued. The total number of outstanding warrants and share options are:

	Number
<b>Warrants</b>	
As at 31 December 2016	9,899,505
Exercised	(1,500,000)
Lapsed	(1,612,903)
<b>As at 31 December 2017</b>	<b>6,786,602</b>
<b>Share options</b>	
As at 31 December 2016	13,443,386
Issued	727,272
Lapsed	(545,454)
<b>As at 31 December 2017</b>	<b>13,625,204</b>
<b>Total</b>	<b>20,411,806</b>

### Share capital to be issued

On 13 June 2017 the Group took up the option with La Petite Mine D'Or ("LPMDO") to acquire its 5% interest in the Yanfolila project for \$1,000,000. The Group also acquired the 1% royalty over the Yanfolila mine from LPMDO for consideration of \$1,000,000. The total consideration of \$2,000,000 was paid through issuing 6,197,353 ordinary shares in the Company on 30 April 2018, at 31 December 2017 these shares were still to be issued.

## 24 Warrants issued

a) On 21 June 2016 the Company granted 8,286,602 warrants as part of the fundraising described in note 23(a):

Total number of warrants granted	8,286,602
Exercise price of the warrants	£0.22
Final exercise date:	31/12/2019

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

The table below lists the principal assumptions and inputs to the model used to fair value the warrants granted on the 21 June 2016 and to fair value the warrants at 31 December 2017:

	31 Dec 2017	21 Jun 2016
Share price	£0.3425	£0.2225
Expected dividend yield	Nil	Nil
Expected volatility	46.02%	49.00%
Expected life	2 years	3.5 Years
Risk free interest rate	0.446%	0.87%

The loss arising on the change in value of the warrants between 31 December 2016 and 31 December 2017 is disclosed in note 10.

On 11 September 2017, 750,000 warrants were exercised as described in note 23(c).

On 14 November 2017, 750,000 warrants were exercised as described in note 23(d).

On 12 December 2017, 1,612,903 warrants lapsed.

## 25 Share based payments

	2017	2016
	\$'000	\$'000
Share based payment charge for equity settled share based payments granted 17 November 2014 (a)	-	34
Share based payment charge for equity settled share based payments granted 5 December 2013 (b)	-	104
Share based payment charge for equity settled share based payments granted 26 October 2010 (b)	-	214
Share based payment charge for cash settled share based payments granted 2 July 2014 (c)	424	153
Share based payment charge for equity settled share based payments granted 30 September 2016 (d)	1,281	327
Share based payment charge for equity settled share based payments granted 26 September 2017 (d)	139	-
<b>Total share based payment charge</b>	<b>1,844</b>	<b>832</b>

Included within share based payments for the year is \$1,420,000 (2016: \$327,000) capitalised to mine development assets.

	2016	Granted	Lapsed	2017
	Number	Number	Number	Number
Share options granted 17 November 2014	250,000	-	-	250,000
Share options granted 5 December 2013	2,144,000	-	-	2,144,000
Share options granted 26 October 2010	3,095,000	-	-	3,095,000
Share option granted 30 September 2016	7,954,386	-	(181,818)	7,772,568
Share option granted 26 September 2017	-	727,272	(363,636)	363,636
<b>Total number of share options</b>	<b>13,443,386</b>	<b>727,272</b>	<b>(545,454)</b>	<b>13,625,204</b>
<b>Weighted average exercise price</b>	<b>£0.09</b>	<b>£0.01</b>	<b>£0.01</b>	<b>£0.09</b>

### a) Issue of share options

On 17 November 2014 the Company granted 250,000 share options to the Non-Executive Chairman Russell King.

Total number of share options granted	250,000
Exercise price of the options	\$0.015 (£0.01)
Exercise period:	
Tranche 1 – 17 November 2014 and 18 November 2024	125,000
Tranche 2 – 17 November 2014 and 18 November 2024	125,000
Number of share options lapsed during the current period	-
Number of share options outstanding as at 31 Dec 2015	250,000

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 17 November 2014:

Share price at the date of grant	\$0.55 (£0.355)
Expected dividend yield	Nil
Expected volatility	49.94%
Expected life	5 years
Risk free interest rate	1.40%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 25 Share based payments (continued)

### b) Repricing of historic share options

On 21 June 2016, all existing share based incentive schemes including the long term incentive plan (excluding share options issues to RJ King) were rebased to £0.22, so as to align management with shareholders as the Company moves into construction following the recapitalisation (see note 23(b)).

The effect of the repricing was an additional charge to the income statement of \$104,000 in respect of share options issued on 5 December 2013 and \$214,000 in respect of share options issued on 26 October 2010.

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 all options that were rebased to £0.22:

Share price at the date of grant	£0.224
Expected dividend yield	Nil
Expected volatility	49.00%
Expected life	3 years
Risk free interest rate	0.87%

### c) Share based payment charge for cash settled share based payments granted 2 July 2014

On 1 June 2014, contingent on the successful acquisition by the Company (or a subsidiary of the Company) of the Yanfolila Project the Company awarded the Chief Executive Officer a deferred contingent bonus in the form of a cash settled share based payment equivalent to the cash value on the date of payment of 1,785,714 shares (subject to a maximum share price of £2.016). This bonus is deferred and except in the event of a change of control, only becomes payable after a vesting period of 2 years and at the earlier of the Chief Executive Officer ceasing to be a Director of the Company or 10 years.

The Yanfolila Project was acquired on 2 July 2014 and accordingly this share based payment was granted on that date.

The share price and resultant fair value of this cash settled share based payment was estimated as at the date of grant as £0.56 and \$1,774,000 respectively, which is spread over the vesting period of 2 years and re-measured at each balance sheet date using the share price on that date (share price as at 31 December 2017: £0.3425 (2016: £0.1825)).

The amounts recognised in the income statement for the year is as follows:

	Initial charge \$'000	Revaluation \$'000	Total \$'000
Amounts in respect of the year ended 31 December 2016	443	(290)	153
Amounts in respect of the year ended 31 December 2017	-	424	424

### Long term incentive plan ("LTIP")

On 1 July 2014 the shareholders approved the adoption of a LTIP for the purpose of retaining and motivating the executive directors to deliver the proposed new strategy. As detailed above, in the prior year the LTIP was rebased on 21 June 2016 as part of the fundraise to recapitalise the Company (see note 23(b)).

Participants in the LTIP are limited to selected executive directors ("executives") except in exceptional circumstances. Allocations of the LTIP are proposed by the Principal Director (currently the CEO) and ratified by the board. As at 31 December 2017 no allocation had been proposed. The LTIP will issue shares to the participants for adding material long term shareholder value and therefore align the interest of the executives with the shareholders by providing a strong incentive for the executives to drive shareholder value. The value that may be delivered to executives and the dilution of shareholders are commensurate with levels applying in schemes implemented by industry comparators.

Under the LTIP, shares may be distributed to participants depending upon the value that has been added to shareholders over the vesting period. No value will accrue to the LTIP if the growth in shareholder value is less than 50% of the market capitalisation of Hummingbird on 21 June 2016. If the growth in shareholder value is over 50%, a proportion of value added to shareholders will accrue to the LTIP, increasing progressively, starting at 5% of the value added to shareholders up to a maximum of 15% of the value added to shareholders above 150%. Shares with a value equal to the value accrued in the LTIP will be issued on vesting or the value can be settled in cash at the Company's option. There is also the flexibility to allow early payments under the LTIP where assets or companies are disposed of and value has been added exceeding 50% on the same principles.

### d) Hummingbird incentive plan – performance orientated

In recognition of the critical importance of delivering the Yanfolila Mine on time and on budget and to retain and incentivise key team members, and to align management and shareholders, the Company has granted options to certain group employees and directors of the Company under the rules of HIPPO. As the core team is developed further awards may be made under HIPPO subject to a maximum dilution limit from HIPPO of 5% of issued share capital.



On 30 September 2016 the Company granted 7,954,386 share options to certain Directors and Group employees, representing 2.3% of the issued share capital at 31 December 2016. Additionally, cash awards were granted with a total value of \$2,045,000 based on a 95% probability of meeting the vesting criteria.

	Share award	Cash award (\$'000)
Total award granted	7,954,386	2,045
Exercise price of the options	£0.01	-
Fair value of the options at the date of grant	£0.24	-
Exercise period:		
25% - from the first gold pour at the Yanfolila Gold Mine	1,988,597	511
25% - from the passing of the Company's completion tests in respect of the Yanfolila Gold Mine	1,988,597	511
25% - 12 months from first gold pour at the Yanfolila Gold Mine <sup>(1)</sup>	1,988,597	511
25% - 24 months from first gold pour at the Yanfolila Gold Mine <sup>(1)</sup>	1,988,595	511
Number of share options lapsed during the current period	181,818	-
Number of share options outstanding as at 31 December 2017	7,772,568	-

1 these are conditional of all completion tests being passed.

The company has the option to defer the first tranche until sufficient funds are available or settle in shares. Additionally, the cash awards can be increased or decreased by 25% depending on performance against timetable and budget. If the first gold pour is either 3 months behind target completion date or the costs to the first gold pour are more than \$8,000,000 over budget, the options will be forfeited.

The fair value of the cash award has been capitalised to mine development assets on a straight-line basis over the vesting period of the award. During the year \$946,070 (2016: \$283,000) was capitalised to mine development assets.

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 30 September 2016:

Share price at the date of grant	£0.249
Expected dividend yield	Nil
Expected volatility	47.78%
Expected life	3 years
Risk free interest rate	0.164%
Multiplied by the probability of meeting the vesting conditions at date of grant	95%

On 26 September 2017 the Company granted 727,272 share options to certain Directors and Group employees, representing 2.3% of the issued share capital at 31 December 2017. Additionally, cash awards were granted with a total value of \$205,000 based on a 95% probability of meeting the vesting criteria.

	Share award	Cash award (\$'000)
Total award granted	727,272	205
Exercise price of the options	£0.01	-
Fair value of the options at the date of grant	£0.33	-
Exercise period:		
25% - from the first gold pour at the Yanfolila Gold Mine	181,818	52
25% - from the passing of the Company's completion tests in respect of the Yanfolila Gold Mine	181,818	51
25% - 12 months from first gold pour at the Yanfolila Gold Mine <sup>(1)</sup>	181,818	51
25% - 24 months from first gold pour at the Yanfolila Gold Mine <sup>(1)</sup>	181,818	51
Number of share options lapsed during the current period	363,636	-
Number of share options outstanding as at 31 December 2017	363,636	-

1 these are conditional of all completion tests being passed.

The company has the option to defer the first tranche until sufficient funds are available or settle in shares. Additionally, the cash awards can be increased or decreased by 25% depending on performance against timetable and budget. If the first gold pour is either 3 months behind target completion date or the costs to the first gold pour are more than \$8,000,000 over budget, the options will be forfeited.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 25 Share based payments (continued)

The fair value of the cash award has been capitalised to mine development assets on a straight-line basis over the vesting period of the award. During the year \$46,000 (2016: \$283,000) was capitalised to mine development assets.

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 26 September 2017:

Share price at the date of grant	£0.34
Expected dividend yield	Nil
Expected volatility	46.52%
Expected life	2 years
Risk free interest rate	0.447%
Multiplied by the probability of meeting the vesting conditions at date of grant	95%

The absolute dilution limit relating to awards under employee share incentive schemes is 20%.

## 26 Notes to the statement of cash flows

	2017 \$'000	2016 \$'000
<b>Loss before tax</b>	<b>(5,336)</b>	<b>(8,442)</b>
Adjustments for:		
Depreciation of property, plant and equipment	10	8
Share based payments	424	505
Profit on disposal of subsidiaries	(1,919)	-
Finance income	(6,514)	(668)
Finance expense	6,877	1,491
Share of associate loss	117	-
<b>Operating cash flows before movements in working capital</b>	<b>(6,341)</b>	<b>(7,106)</b>
Decrease/(increase) in receivables	3,902	(329)
Increase in payables	1,790	1,064
<b>Net cash outflow from operating activities</b>	<b>(649)</b>	<b>(6,371)</b>

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.

## 27 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, unissued 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.

### Externally imposed capital requirements

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, and 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:

Categories of financial instruments	Loans and receivables		Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit or loss	
	2017	2016	2017	2016	2017	2016
<b>Financial assets</b>						
Cash and cash equivalents (see note 17)	40,620	53,839	-	-	-	-
Other receivables (see note 17)	14,107	5,594	-	-	-	-
	<b>54,727</b>	59,433	-	-	-	-
<b>Financial liabilities</b>						
Borrowings (see note 18)	-	-	64,650	14,751	-	-
Trade payables (see note 20)	-	-	11,939	3,566	-	-
Other payables (see note 20)	-	-	1,717	612	-	-
Accruals	-	-	9,762	2,376	-	926
Royalty liability (see note 22)	-	-	15,000	15,000	-	-
Warrant liability <sup>(1)</sup> (see note 24)	-	-	-	-	1,368	510
	-	-	<b>103,068</b>	36,305	<b>1,368</b>	1,506

- 1 The fair value of the warrant liability (see note 24) has been determined using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data and is therefore a level 3 financial instrument. Where inputs can be observed from market data without undue cost and effort, the observed input has been used. Otherwise, management determines a reasonable estimate for the input.

### 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 Group's finance function 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, and amounts due from the Government of Mali. The Group seeks to deposit funds with reputable financial institutions until such time as it is required.

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 work programmes. It is the risk that the Group or Company will encounter difficulty in meeting its financial obligations as they fall due.

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 borrowings including maturity dates are detailed in note 18.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. The Group's interest bearing financial liabilities are at a fixed rate of interest.

#### 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, and from holding non-functional currency 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 United States Dollars, Sterling, South African Rand, West Africa CFA Franc and the Euro, the Group holds the majority of its funds in these currencies. Currency exposures are monitored on a monthly basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

## 27 Financial Instruments (continued)

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Euros ("€")	206	1,192	2,623	8,419
Sterling ("GBP")	1,922	421	7,195	13,437
Canadian Dollars ("CAD")	-	25	79	401
South African Rand ("ZAR")	42	-	1,022	7,052
Australian Dollars ("AUD")	50	56	4	571
West African CFA Franc ("FCFA")	81,497	917	34,447	1,273

### Foreign currency sensitivity analysis

The Group is exposed primarily to movements in the \$ against the GBP, €, ZAR and FCFA. 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 each of these currencies. The analysis is based on a weakening and strengthening of these key currencies by 10% against the \$ in which the Group has assets and liabilities at the end of each respective period. A movement of 10% 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 10% change in foreign currency rates.

A positive number below indicates an increase in profit where each of the key currencies strengthen against the \$. For a 10% weakening of the key currencies against the \$, 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 10% strengthening in various currencies against the \$.

	2017 \$'000	2016 \$'000
Increase in income statement and net assets - GBP	527	1,311
Increase in income statement and net assets - EUR	242	728
Increase in income statement and net assets - FCFA	(4,705)	-
Increase in income statement and net assets - ZAR	98	705

## 28 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 associate – Cora Gold Limited

During the year the Company charged Cora Gold Limited \$5,000 in respect of Non-executive director's fees. There was no outstanding balance as at 31 December 2017.

During the year the Company charged Cora Gold Limited \$30,000 in respect of historical costs. This was settled by the receipt of 491 Cora Gold Limited shares.

Cora Gold Limited is a related party of the Group because It is a 33.85% shareholder in Cora Gold Limited and David Pelham is a common Director.

### Transactions with Aggreko International Projects Limited

During the year Aggreko International Projects Limited ("Aggreko") charged the Group \$461,000 in rental fees for generators at the Yanfolila Gold Mine. At 31 December 2017 there was \$265,200 outstanding to Aggreko and \$46,800 due to the Government on Mali in withholding taxes on payment of these amounts.

Aggreko International Projects Limited is a related party as Russell King, was until 26 April 2018, a Director of the ultimate parent.

### Transactions with Stephen Betts & Sons Limited

During the year Stephen Betts & Sons Limited charged the Company \$73,000 (2016: \$85,000) under a contract for the provision of staff, office equipment and premises. \$5,800 was accrued outstanding between the parties as at 31 December 2017 (2016: \$34,000). The amounts outstanding are unsecured and will be settled in cash.

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

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>1,281</b>	1,696
Social security cost	<b>167</b>	223
Pension	<b>59</b>	75
Share based payment charge	<b>929</b>	617
Provision for potential social security costs on share options	<b>223</b>	118
	<b>2,659</b>	2,729

### 29 Commitments

As at 31 December 2017 the Group had commitments of \$5,790,000 (2016: \$25,340,000) in respect of the Yanfolila Project.

### 30 Events after the reporting date

#### Incentive plan 2018

On 30 April 2018 the Company issued 6,157,819 share options under the Hummingbird Incentive Plan – Performance Orientated 2018 ("HIPPO2018") scheme.

Options under HIPPO2018 are subject to performance criteria, if the performance criteria is met the respective tranche, under normal circumstances, the options shall vest 50% by 31 March 2019, 25% by 31 December 2019 and 25% by 31 December 2020 subject to continuous employment with the Company:

- a) Production Tranche: 1/3 of the options will vest if 100,000 ounces of gold are poured between 1 April 2018 and 31 December 2018. The number of options vesting under this tranche shall be reduced proportionally at each date by 10% of the total for each 1,000 ounces produced in the period less than the targeted 100,000 ounces.
- b) Cost Tranche: 1/3 of the options will only vest if the Yanfolila AISC (as announced by the Company) as normalised for a US\$0.6/litre fuel price and a US\$1,250 gold price is equal to or lower than US\$750 per ounce sold.
- c) Performance Tranche: 1/3 of the options will vest based on the individual performance of the Participant and the Company's safety performance, which is at the Board's discretion.

#### Issue of shares

As disclosed in note 23 on 30 April 2018 the Company issued 6,197,353 ordinary shares as consideration for the purchase of the 5% equity stake in Société Des Mines De Komana SA ("SMK") and the 1% royalty from Le Petite Mine D'Or.

#### Joint venture - Betts Investments Limited ("BIL")

The Company has entered into a joint venture agreement ("JV Agreement") with Stephen Betts and Sons Limited ("SBS") and Betts Investments Limited ("BIL"). Daniel Betts and Stephen Betts who are both directors of the Company, are also directors of and shareholders in SBS. BIL is currently 50% owned by SBS.

BIL has been established for the marketing of gold and other precious metals investment products (including the Hummingbird 1oz gold coin), marketing coin manufacturing services to the mining industry and for the development of the Single Mine Origin ("SMO") brand, concept and accreditation procedures.

Under the JV Agreement, the Company will invest £75,000 for a 19% interest in BIL, with the option to increase its stake to 49% for a further investment of £75,000. The Company has agreed to sell Hummingbird 1 oz gold coins to SBS to fulfil orders placed by customers via BIL. Additionally, the Company will provide marketing support and treasury services to BIL.

SBS shall be responsible for the fulfilment of all orders of gold and other precious metals investment products and BIL will receive a commission equal to 50% of the gross margin on all sales of gold and other precious metals investment products.

The JV Agreement constitutes a related party transaction pursuant to AIM Rule 13. Accordingly, the Company's Directors, other than Daniel Betts and Stephen Betts, consider, having consulted the Company's Nominated Adviser, that the terms of the JV Agreement are fair and reasonable insofar as Hummingbird's shareholders are concerned."

# Company Balance Sheet

As at 31 December 2017

	Notes	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	35	57,404	53,924
Property, plant and equipment	36	296	12
Receivables from subsidiaries	37	73,626	35,208
		<b>131,326</b>	89,144
<b>Current assets</b>			
Trade and other receivables	38	4,962	9,369
Cash and cash equivalents	38	11,183	48,223
		<b>16,145</b>	57,592
<b>Total assets</b>		<b>147,471</b>	146,736
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	39	5,606	5,513
Other financial liabilities	39	1,368	510
<b>Total liabilities</b>		<b>6,974</b>	6,023
<b>Net assets</b>		<b>140,497</b>	140,713
<b>Equity</b>			
Share capital	40	5,176	5,156
Share premium		148,930	148,516
Other reserves		2,000	-
Retained earnings		(15,609)	(12,959)
<b>Total equity</b>		<b>140,497</b>	140,713

As permitted by section 408 of the Act, the Company has elected not to present its income statement for the year. Hummingbird Resources Plc reported a loss for the year ended 31 December 2017 of \$4,070,000 (2016: \$7,518,000).

The financial statements were approved by the Board of Directors and authorised for issue on 23 May 2018.  
They were signed on its behalf by:

**DE Betts**

Director

The notes to the Company financial statements form part of these financial statements.

# Company Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 \$'000	2016 \$'000
<b>Net cash outflow from operating activities</b>	42	<b>(2,863)</b>	<b>(8,188)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment		<b>(294)</b>	(3)
Investment in subsidiaries		<b>(449)</b>	(15,000)
(Increase)/decrease in amounts lent to subsidiaries		<b>(34,483)</b>	492
Purchase of shares in other companies		<b>(741)</b>	-
Interest received		<b>175</b>	95
<b>Net cash used in investing activities</b>		<b>(35,792)</b>	<b>(14,416)</b>
<b>Financing activities</b>			
Net proceeds from issue of shares		-	66,315
Exercise of warrants		<b>434</b>	-
Interest paid		-	(130)
<b>Net cash from financing activities</b>		<b>434</b>	<b>66,185</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(38,221)</b>	<b>43,581</b>
Effect of foreign exchange rate changes		<b>1,181</b>	(1,528)
<b>Cash and cash equivalents at beginning of year</b>		<b>48,223</b>	<b>6,170</b>
<b>Cash and cash equivalents at end of year</b>		<b>11,183</b>	<b>48,223</b>

# Company Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital \$'000	Share premium \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
<b>As at 31 December 2015</b>	<b>1,723</b>	<b>81,428</b>	-	<b>(6,120)</b>	<b>77,031</b>
<b>Comprehensive loss for the year:</b>					
Loss for the year	-	-	-	(7,518)	<b>(7,518)</b>
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(7,518)</b>	<b>(7,518)</b>
Transactions with owners in their capacity as owners:					
Issue of shares	3,433	67,088	-	-	<b>70,521</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>3,433</b>	<b>67,088</b>	-	-	<b>70,521</b>
Share based payments	-	-	-	679	<b>679</b>
<b>As at 31 December 2016</b>	<b>5,156</b>	<b>148,516</b>	-	<b>(12,959)</b>	<b>140,713</b>
Comprehensive loss for year:					
Loss for year	-	-	-	(4,070)	<b>(4,070)</b>
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(4,070)</b>	<b>(4,070)</b>
Transactions with owners in their capacity as owners:					
Shares to be issued	-	-	2,000	-	<b>2,000</b>
Exercise of warrants	20	414	-	-	<b>434</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>20</b>	<b>414</b>	<b>2,000</b>	-	<b>2,434</b>
Share based payments	-	-	-	1,420	<b>1,420</b>
<b>As at 31 December 2017</b>	<b>5,176</b>	<b>148,930</b>	<b>2,000</b>	<b>(15,609)</b>	<b>140,497</b>

#### Share capital

The share capital comprises the issued ordinary shares of the company at par value.

#### Share premium

The share premium comprises the excess value recognised from the issue of ordinary shares for consideration above par value.

#### Other Reserves

Other reserves comprise of shares that are awaiting to be issued in connection with the purchase of minority interests.

#### Retained earnings

Retained earnings comprise the group's cumulative accounting profits and losses since inception less dividends.

#### 31 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.

#### 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.



# Notes to the Company Financial Statements

For the year ended 31 December 2017

## 32 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.

### Recoverability of investment in subsidiaries and amounts due from subsidiaries

Where the majority of the assets of subsidiary undertakings are exploration and evaluation assets and mine development assets, determining whether an investment in and loan to a subsidiary is impaired requires an assessment of whether there are any indicators of impairment, of these underlying exploration and evaluation assets. 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.

As the market capitalisation of the Company was less than the carrying value of the Company's net assets as at 31 December 2017, an impairment review was carried out in respect of the carrying values of the investment in subsidiaries and the amounts due from subsidiaries as stated in the Company Balance Sheet. As part of the impairment review of the carrying value of the Groups mine development assets and exploration and evaluation assets the Directors considered that there was no impairment as at 31 December 2017.

## 33 Auditor's Remuneration

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

## 34 Staff costs

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

	2017 Number	2016 Number
Directors	7	7
Other employees	7	7
	<b>14</b>	14
	<b>\$'000</b>	<b>\$'000</b>
Their aggregate remuneration comprised:		
Wages and salaries	<b>2,778</b>	2,880
Social security costs	<b>370</b>	363
Pension	<b>97</b>	92
Share based payments	<b>1,844</b>	832
Provision for potential social security costs related to share based payments	<b>361</b>	200
	<b>5,450</b>	4,367

Within wages and salaries, \$1,281,000 (2016: \$1,587,000) relates to remuneration paid to Directors, included within share based payments is \$424,000 (2016: \$153,000) accrued under cash-settled share based payment scheme payable to Directors, and within pension is \$59,000 (2016: \$75,000) relating to pension contributions in respect of Directors.

The total remuneration of the highest paid director is \$479,000 (2016: \$688,000) comprising \$444,000 (2016: \$657,000) in relation to wages and salaries and pension contributions of \$35,000 (2016: \$30,000). In addition, an amount of \$424,000 (2016: \$153,000) is accrued under the cash-settled share based payment scheme.

The number of directors to whom benefits are accruing under defined contribution pension schemes is 2 (2016: 2).

Key management remuneration is disclosed in note 28 to the consolidated financial statements.

# Notes to the Company Financial Statements

For the year ended 31 December 2017

## 35 Investments

	Investments in associates 2017 \$'000	Investment in subsidiaries 2017 \$'000	Investments 2017 \$'000	Investment in subsidiaries 2016 \$'000
<b>Cost at the beginning of the year</b>	-	53,924	<b>53,924</b>	38,114
Additions	771	2,709	<b>3,480</b>	15,810
<b>At Total</b>	<b>771</b>	<b>56,633</b>	<b>57,404</b>	<b>53,924</b>

The Company's subsidiaries are disclosed in note 16 to the consolidated financial statements. The additions in the year include \$2,731,000 (2016: \$810,000) in respect of HIPPO incentive scheme that have not been recharged to subsidiaries.

Hummingbird Resources Plc did not subscribe for any additional nil par value shares in its wholly owned subsidiary Trochilidae Resources Limited (2016: \$15,000,000).

Hummingbird Resources Plc invested in Cora Gold Limited as disclosed in note 13 for a value of \$741,000 and received \$30,000 worth of shares in Cora Gold in settlement of costs. The market value of the shares at 31 December 2017 were \$585,000.

## 36 Property, plant & equipment

	Development assets - other \$'000	Other \$'000	Total \$'000
<b>Cost</b>			
<b>At 1 January 2016</b>	<b>59</b>	<b>356</b>	<b>415</b>
Additions	-	3	<b>3</b>
<b>At 1 January 2017</b>	<b>59</b>	<b>359</b>	<b>418</b>
Additions	-	294	<b>294</b>
Disposals	-	(42)	<b>(42)</b>
<b>At 31 December 2017</b>	<b>59</b>	<b>611</b>	<b>670</b>
<b>Accumulated depreciation</b>			
<b>At 1 January 2016</b>	<b>59</b>	<b>339</b>	<b>398</b>
Charge for the year	-	8	<b>8</b>
<b>At 1 January 2017</b>	<b>59</b>	<b>347</b>	<b>406</b>
Charge for the year	-	10	<b>10</b>
Disposals	-	(42)	<b>(42)</b>
<b>At 31 December 2017</b>	<b>59</b>	<b>315</b>	<b>374</b>
<b>Carrying amount</b>			
<b>At 31 December 2017</b>	<b>-</b>	<b>296</b>	<b>296</b>
At 31 December 2016	-	12	<b>12</b>

## 37 Receivables from subsidiaries

At the balance sheet date amounts receivable from the subsidiaries were \$73,626,000 (2016: \$35,208,000). These amounts are denominated in US Dollars and 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.

### 38 Current Assets

#### Trade and other receivables

	2017 \$'000	2016 \$'000
Other receivables	3,039	5,526
Prepayments and accrued income	461	446
Trade receivables - intercompany	1,462	3,397
	<b>4,962</b>	<b>9,369</b>

There are no past due or impaired receivables.

#### Cash and cash equivalents

Cash and cash equivalents as at 31 December 2017 of \$11,183,000 (31 December 2016: \$48,223,000) comprise cash 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.

#### Net debt reconciliation

	At 1 January 2017 \$'000	Cashflow \$'000	Foreign Exchange Movement \$'000	Amortisation of issue costs \$'000	At 31 December 2017 \$'000
Cash and cash equivalents	48,223	(38,828)	1,788	-	11,183
Borrowings	-	-	-	-	-
<b>Net debt</b>	<b>48,223</b>	<b>(38,828)</b>	<b>1,788</b>	<b>-</b>	<b>11,183</b>

### 39 Current Liabilities

#### Trade and other payables

	2017 \$'000	2016 \$'000
Trade payables	1,833	1,686
Other taxes and social security	340	70
VAT	306	465
Accruals	2,750	2,917
Other payables	377	375
	<b>5,606</b>	<b>5,513</b>

The average credit period taken for trade purchases is 124 days (2016: 118 days).

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

#### Other financial liabilities

The Company's other financial liabilities are included within note 22 of the consolidated financial statements.

#### 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:

	2017 \$'000	2016 \$'000
Within one year	252	89
In the second to fifth years inclusive	925	-
	<b>1,177</b>	<b>89</b>

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

### 40 Share Capital

The movements on this item are disclosed in note 23 to the consolidated financial statements.

### 41 Share based payments

The Company's share based payments information is disclosed in note 25 to the consolidated financial statements.

# Notes to the Company Financial Statements

For the year ended 31 December 2017

## 42 Notes to the statement of cash flows

	2017 \$'000	2016 \$'000
<b>Loss before tax</b>	<b>(4,070)</b>	(7,518)
Adjustments for:		
Depreciation of property, plant and equipment	10	8
Share based payments	424	505
Finance income	(1,372)	(603)
Finance expense	858	1,663
<b>Operating cash flows before movements in working capital</b>	<b>(4,150)</b>	(5,945)
Decrease/(increase) in receivables	2,482	(2,621)
(Decrease)/increase in payables	(1,195)	378
<b>Net cash outflow from operating activities</b>	<b>(2,863)</b>	(8,188)

## 43 Financial Instruments

The Company's strategy and financial risk management objectives are described in note 27.

### Principal financial instruments

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

Categories of financial instruments	Loans and receivables		Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit or loss	
	2017	2016	2017	2016	2017	2016
<b>Financial assets</b>						
Cash and cash equivalents	11,183	48,223	-	-	-	-
Other receivables	3,039	5,526	-	-	-	-
Intercompany trade receivables	1,462	3,397	-	-	-	-
Loans due from subsidiaries	73,626	35,208	-	-	-	-
	<b>89,310</b>	92,354	-	-	-	-
<b>Financial liabilities</b>						
Trade payables	-	-	1,833	1,686	-	-
Other payables	-	-	377	375	-	-
Accruals	-	-	2,750	2,917	-	-
Warrant liability <sup>(1)</sup>	-	-	-	-	1,368	510
	-	-	<b>4,960</b>	4,978	<b>1,368</b>	510

- 1 The fair value of the warrant liability (see note 24) has been determined using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data, and is therefore a level 3 financial instrument. Where inputs can be observed from market data without undue cost and effort, the observed input has been used. Otherwise, management determines a reasonable estimate for the input.

The risks that the Company is subject to in addition to the Group risks described in note 27 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 Company.

In addition to the risks described in note 27, which affect the Group, the Company is also subject to credit risk on the balances receivable from its subsidiaries (see note 37).

### 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 27).

#### 44 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:

	2017	2016
	\$'000	\$'000
Hummingbird Resources (Liberia) Inc.	34,140	33,231
Société des Mines de Komana SA	2	-
Trochilidae Resources Limited	40,942	1,977

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 28 to the consolidated financial statements.

##### 45 Events after the balance sheet date

Events after the balance sheet date are disclosed in note 30 to the Consolidated Financial Statements.

# Company Information & Advisers

## Company Secretary

Thomas Hill

## Registered Office & Head Office

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## Company number

05467327

## Nominated Adviser & Broker

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## Auditors

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### Gowlings WLG (UK) LLP

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## Registrars

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## Bank

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