Annual Report & Accounts 2018

EXPLORE

DEVELOP

PRODUCE

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

EXPLORE

Yanfolila is a high grade, open pit gold mining operation.

DEVELOP

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

PRODUCE

The company has a large exploration footprint of around 4,000km^2 in both Mali and Liberia.

Contents

Hummingbird is focused on high-margin production, seeking to deliver the best value possible for its shareholders, whilst having total commitment to operating in an environmentally and socially responsible manner. Through this, we seek to provide long-term benefits for all of our stakeholders.

We are centred on technical excellence in exploration, development and operation in Africa, where we have progressed from explorers to fully-fledged gold producers. Our focus is on growth, unlocking and delivering value, while empowering our people and the local communities.

FOCUS AND PRIORITIES

Explore and Unlock Value
Operating the business with strict technical and capital allocation discipline, we explore to unlock long term value.

We have a significant total gold inventory of 6.4Moz across two projects in West Africa and further exploration exposure through Cora Gold (AIM).

Growth
Our near-term strategy is to produce year-on-year sustainable profitable margin gold ounces and Life of Mine extension at Yanfolila, through Resource and Reserve replacement/ expansion. Medium-to-long-term, we strive to continue to evaluate M&A opportunities with a focus on our proven expertise as developers.

Socially and Environmentally Responsible
We want our employees and local communities to feel enlightened and empowered. Our organisational structure encourages us to learn, grow and, above all else, challenge. Hummingbird strives to execute business in the most beneficial way possible for our staff, host governments and communities, and for the environments where we work.

Entrepreneurial and Experienced
Strategic focus on technical and corporate expertise at all levels from the Board down. Hummingbird has been and is committed to remain entrepreneurial in conducting business, an essential skill in a fast-moving industry.

Mining at Komana West

Overview
How we operate

Multi-Asset Gold Company

Producer with 6.4Moz gold inventory

Two West African projects

91,620oz Gold Poured

at the Yanfolila Gold Mine, Mali

Full Year AISC of US$1,087 per oz

US$21M Cash Balance

at year end

Total debt US$61m

91,546oz Gold Sold

at avg. gold price of US$1,271 per oz

Generated revenue of US$116.5m

Near-Term Growth at Yanfolila

28,349m successfully drilled in exploration campaign

Plant expansion underway with ball mill project completing in Q3 2019

Major Stake in Exploration Firm

Owns 18.41% of Cora Gold (AIM:CORA)

Positive drill results close to Yanfolila

Dugbe Gold Project MDA

Passed into law by Liberian government in Q2 2019

Potential of significant project now ready to be unlocked

Mali

Home of The Yanfolila Gold Mine

91,620oz Au year 1

2.2Moz resource

30 year mining licence

Liberia

Home of The Dugbe Gold Project

4.2Moz resource

25 year mineral development agreement

Strong Safety Record at Yanfolila

1.8 lost time injury frequency rate

Continually improving & favourable industry comparison

Chairman's Statement

Overview

It was pleasing to see Hummingbird emerge as a commercially operating gold miner on time and budget on 1 April 2018. The achievements made by the team to progress from a Liberian private explorer to a Malian gold producer in eight years are impressive and I think it is important to recognise the significance of this achievement. A huge number of people came together and put an enormous amount of effort into making this happen and the Board wishes to express their thanks to everyone involved. We also welcomed two new members to the Board in the year, Attie Roux and Ernie Nutter, who both bring a wealth of operational and capital market experience.

After a positive Q2 2018, where the Yanfolila Gold Mine delivered over 33,000oz of gold, a combination of factors coincided to create severe operational challenges which led us to revise our production guidance. Hummingbird is still a young mining company and, importantly, will continue to build experience and learn from the challenges that many mining companies inevitably face. Consequently, the business is becoming more resilient and able to anticipate, rather than react to, operational issues. Our longer term view remains the same: Yanfolila is a high-grade open pit mining operation that is forecast to deliver strong, high-margin cash flow over future years and we are focused on extending its mine life beyond the current forecast.

I am pleased to report that the year saw an improved safety record on site and Environment, Social and Governance ("ESG") has remained a constant focus for the business. A reflection of our commitment to our ESG values is evidenced by our continued employment of a large number of locals, with over 95% of the workforce being Mali nationals. Furthermore, to ensure that we achieve our goals to promote a high proportion of local talent to senior leadership roles, we have continued to run a series of training and education programmes throughout the year. The year also saw an extremely regrettable incident occur on our mining permit between the Malian military and protesting artisanal miners, which led to the death of three people. Following this tragic incident, the Company conducted a full review into how it interacts with all stakeholders who live and work on the permit area, to better improve these relationships.

Community development projects have made significant progress throughout the year. One particularly successful initiative is a new alternative livelihood programme in the shape of four poultry projects. By funding and assisting with the construction of the hen houses, providing necessary equipment, maintenance materials and training, the communities are now presented with four cash-positive farms that produce product to sell at local markets and directly to the mine kitchen. Other youth programmes that have been carried out in the last 12 months include transferable skills training workshops, such as welding and fencing.

I would like to thank all our shareholders who have helped see us through this journey so far. I hope that you are able to recognise the strides the Company has made and the foundations that it has built for the future.

Russell King
Non-Executive Chairman

CEO's Statement

Overview

2018 proved to be a period dominated by key milestones and operational challenges. After pouring first gold to plan on 19 December 2017, the Yanfolila Gold Mine successfully ramped up to full scale production in Q1 2018, displaying both the operational efficiency of the mine and positive cash flows for the subsequent quarters. As much as we can take assurance from past achievements, our focus now turns to the future growth of Hummingbird and the maintenance of the progress achieved so far to ensure stable production.

Notwithstanding our successes during the period, the Group also faced operational setbacks in Mali. Heavy rainfall, which led to potential pit wall instability issues, and a damaged public bridge on the only road to site certainly tested us. From the Board to the operations team on the ground, we were all faced with a complex challenge. The fact that we recovered from this within such a short space of time is a real testament to the team's hard work.

Looking forward to 2019, growth at Yanfolila is already within our sights. The 2018 exploration campaign has brought excellent drilling results across our 2.2Moz gold base; focused on infilling the currently defined resources, we are optimistic that this will allow us to increase our cumulative gold production over the mine life. Particularly strong results came from Gonka, a deposit located just 5km from the process plant, where mineral-rich intercepts included 15m @ 16.03 g/t and 18m @ 9.39 g/t. Such high-grade potential has made us even more confident in our long-term plans for the mine and the potential for underground developments.

What is more, the period saw the commencement of the construction of a Second Ball Mill, which will increase plant throughput and align with these new discoveries. The second mill will boost plant capacity from 1.24mtpa to 1.4mtpa when processing a blend of ore, and from 1mtpa to 1.24mtpa when processing 100% fresh ore. The circa US$13m capex project is expected to be completed during Q3 2019 and will significantly enhance our throughput capacity with an estimated 24% increase above original design.

As ever, while we dedicate our efforts to safe production at Yanfolila, we must also put our technical know-how and experience towards considering future projects. M&A remains a regular question for Hummingbird in the context of delivering shareholder value, with such considerations to only be explored in a strict and disciplined manner. We recognise the risk inherent in a single mine operation and are ambitious to diversify that risk; however, only if we believe such a change would be value-accretive on a per-share basis.

I am pleased to report that the Group recorded an improving safety record at Yanfolila during the year, with a Total Recordable Injury Frequency Rate ("TRIFR") of 3.64 at the end of Q4 2018. Consequently, the Company exceeded its annual internal safety performance target and we continue to remain committed to reducing our TRIFR by targeting to reduce the TRIFR to a rate below 2.5.

Although the remediation work at Komana East carried out at the end of 2018 increased expected capital expenditure in the year, our cash position as at 31 December 2018 is US$21m, including US$9.6m drawn under a new loan for the Second Ball Mill. Debt at the end of the year was US$61m, which, while higher than would have been expected at this stage, allowed the Company to carry out its remediation plan.

In the full year, Yanfolila produced 91,620oz of gold with an average gold price sold of US$1,271/oz. In the Group's first quarter of full-scale production in Q2 2018, Yanfolila achieved production of 33,101oz. Subsequent quarters were hit by the disruptions previously noted, however, I think it is important to acknowledge the capability of this great asset as we look to 2019 and forecast production of 110,000 – 125,000oz.

We continue to be extremely proud of our community engagement in Mali and throughout the period we invested heavily in far-reaching initiatives based on the five main pillars that constitute responsible mining: health; education; food and agriculture; water and sanitation; and local economic development.

Some of the many projects carried out in the period include the successful completion of a new community health centre in Bougoudale village, designed to serve over 5,000 people from across three communes. Equipped and staffed by fully-trained medical professionals, the new centre provides care to a large number of people who would otherwise have to visit an inadequate clinic, built to serve a much smaller quantum. We have continued to carry-out regular healthcare training workshops on subjects such as malnutrition, HIV and midwifery. These

CEO's Statement continued

Overview

sessions seek to improve community medical care and dispel potentially damaging beliefs. On site, recent 'toolbox talks' at Yanfolila have provided employees with insight and education on a range of general health topics, including HIV, nutrition and smoking addiction.

The promotion of diversity is also an important focus for us and in 2018 we supported the launch of a poultry project across four villages, from which 80 youths have learned the skills required to build and sustain the now cash-positive chicken farming business. We also funded the extension of the soap-making initiative to benefit 120 more women who now sell their soap products to the mine site's cleaning contractor. As before, we continue to support the salaries of 12 teachers who bring education to some of the poorest communes in Mali.

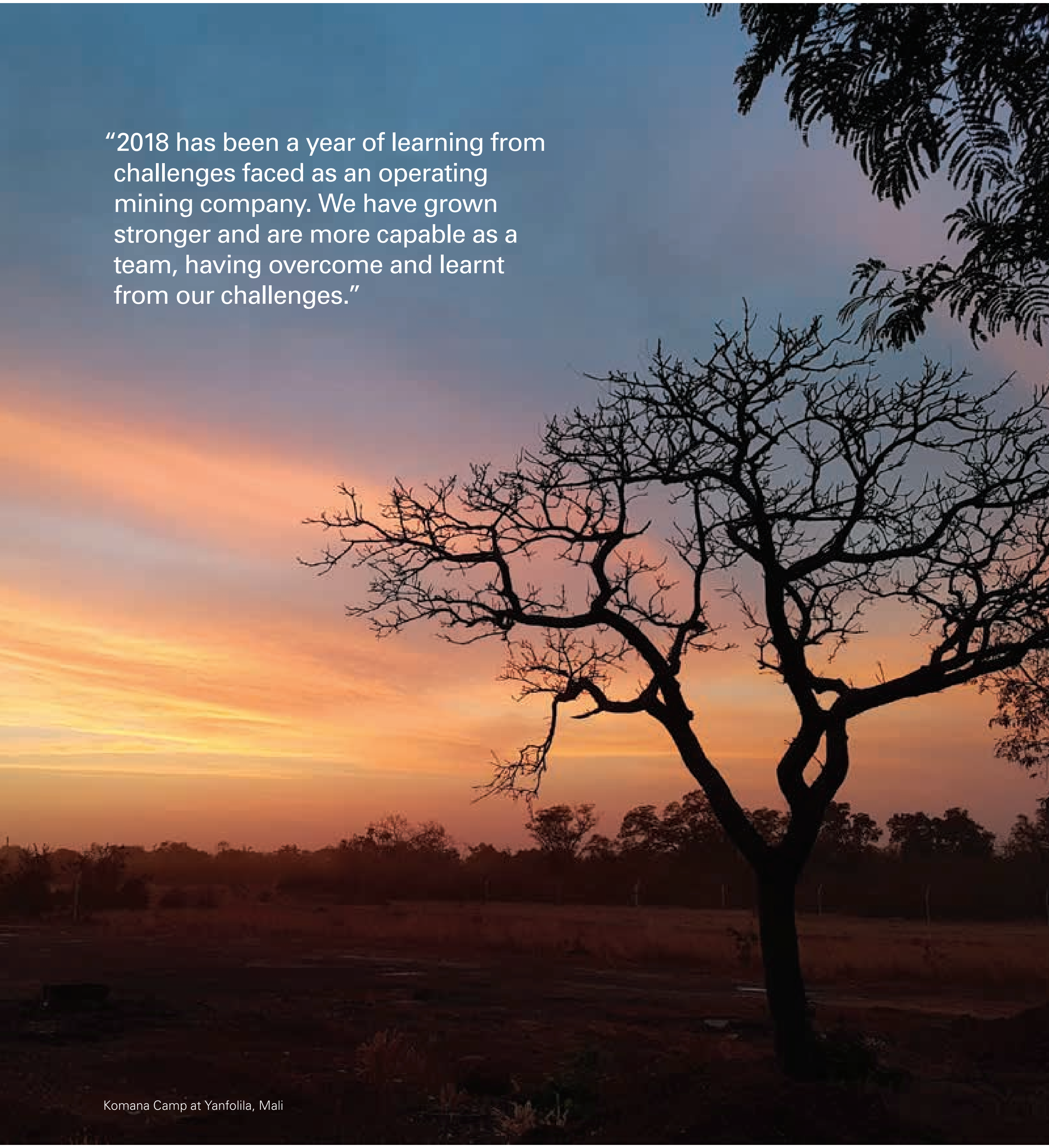
2019 will see us continue to expand on the successful initiatives already in place, as well as take on significant new plans. These include, but are not limited to, arrangements to expand both the market garden and soap-making programmes, build an additional water tower, and reinforce the water drilling programme across three communes to continue our mission of providing clean drinking water for all in the local community.

At our Dugbe Gold Project in Liberia, our Mineral Development Agreement ("MDA") proceeded through the final stages of approval with the Government of Liberia, I am pleased to be able to say that this has now passed into law. This is the first and only MDA to be successfully negotiated with the Government of Liberia on a new discovery in the last 15 years. Hummingbird can now consider the next steps of development at Dugbe, which is Liberia's largest gold deposit. Consisting of 4.2Moz gold in resources, with Hummingbird having an additional 2,000km² of highly prospective ground under licence in the country, we are confident in realising the inherent value of the project in due course.

I feel that 2018 has been a year of learning from challenges faced as an operating mining company. We have grown stronger and are more capable as a team, having overcome and learnt from our challenges. Our mission is now to leverage the tremendous platform we have built as an operator in order to create real, tangible value for all the stakeholders in our business. This means developing our operating capabilities at Yanfolila through the commissioning of a Second Ball Mill, expanding our mine plan through exploration, adding further resources to our plan, and considering the potential for underground mining. It means unlocking the potential of Dugbe, now that the Mineral Development Agreement has been passed into law by the Government and it also means developing prospective strategic opportunities to capitalise on the platform we have built through the exploration of potential M&A opportunities.

Hummingbird has evolved greatly since it began. It has discovered gold from first principles of grass roots exploration and taken that all the way through development, permitting, financing, engineering to production and now, onto finished goods. We believe that the development of SMO (Single Mine Origin) gold (www.singlemineorigin.com) to showcase the wonderful work Hummingbird, and the wider mining industry does in the ESG space, is another fantastic opportunity for Hummingbird to lead the way ahead.

Dan Betts
Chief Executive Officer



"2018 has been a year of learning from challenges faced as an operating mining company. We have grown stronger and are more capable as a team, having overcome and learnt from our challenges."

Komana Camp at Yanfolila, Mali

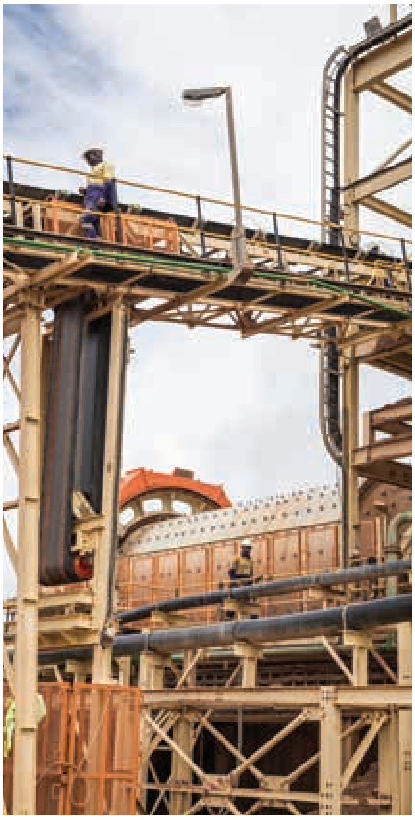
Operational Review

Yanfolila Gold Mine
Mali

Review of 2018 – With first gold poured in December 2017, 2018 marked our first year of production at Yanfolila. Q1 2018 was a quarter of ramp up and Q2 2018 was our first quarter of commercial production with 33,101oz of gold poured at 3.43g/t. The Company was pleased to meet these milestones on time and budget and delivered a strong Q2 2018. As the Company has previously reported, a number of operational issues were encountered that hampered production during Q3 and Q4 2018, leading to reduced guidance for the year. The Company was pleased to have largely overcome these challenges by year end and meet the top end of its revised guidance with 91,620oz gold poured.

Highlights

- 91,620 ounces ("oz") of gold poured in FY 2018, against guidance of 87,000 – 92,000 oz
- Second Ball Mill construction at Yanfolila remains on budget and on schedule for completion in Q3 2019
- Guidance for 2019 of 110-125,000oz production



The ball mill at the Yanfolila process plant

FULL YEAR RESULTS

Pits	FY '18
Gold poured (Ounces)	91,620
Ore mined (Tonnes)	1,130,990
Ore processed (Tonnes)	1,092,485
Avg. grade mill feed (g/t)	2.83
Recovery (%)	95.38
Gold sales (Ounces)	91,546
AISC (US$/oz)	1,087
Avg. gold sales price (US$/oz)	1,271

SECOND BALL MILL CONSTRUCTION

Currently, the Yanfolila crushing circuit is a two-stage operation, incorporating both primary and secondary crushing circuits designed to treat mainly oxides and a blend of oxide and transition ores. The installation of a Second Ball Mill will increase throughput capacity from 1mtpa to 1.24mtpa, when operating with 100% fresh material, and as such offers a good return on investment in the Company's view. US$9.6m of additional debt was drawn from Coris Bank in Q4 2018 to part-finance the US$13m capex for the construction of the Second Ball Mill.

Construction is progressing to plan and budget, with 60% of the project (and 75% of the civil works) completed at the end of Q1 2019. Following the arrival of the mill installation team on site in April, the project is due to be completed in Q3 2019.

PIT WALL REMEDIATION

During Q4 2018, significant progress was made on the pit wall remediation, which was required after a crack appeared 75m back from the pit wall in Q3 2018. The demands of this remediation had an ongoing impact on operations in Q3 and Q4 2018, which led to a reduced production forecast for the FY 2018. The Company has worked closely with its contract miner to mobilise additional fleet to site.

The Company also encountered a significant logistical issue in Q4 since a public bridge on the main road to site was put under a strict weight limit. The bridge remained in use in accordance with the restrictions by the Company throughout the Q4 period, however, to overcome the weight limit issue, the Company mobilised a military barge to transport heavy equipment and other large loads across the river. Work on a new bridge by a Government contractor is progressing well and the Company understands the project is due to be completed at the end of Q2 2019.

2019 GUIDANCE

Following operational issues encountered in Q1 2019, the Company believes that the total production guidance for 2019 of 110,000 to 125,000 ounces is achievable and maintains its guidance forecast.

RESERVES AND RESOURCES

Pre-production resources and reserves. An update to the Company's resources and reserves will be published shortly.

Probable Reserves – December 2015*

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

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 2012 DRS – internal de-risking study[1]	6,324,200	390,700	1.92
Total	**28,489,200**	**2,202,700**	**2.39**

*Gross Project Reserves and mineral inventory, Hummingbird interest is 80%
1 — Non-JORC and non-SAMREC

2018 EXPLORATION RESULTS

The completed drilling programme largely focused on the resource definition at Gonka, with some further follow up drilling at Komana West. Hummingbird was pleased to announce a set of high-grade results, of which the stand-out intercept was 15m @ 16.03g/t at Gonka. Please refer to the Company's website for a full breakdown of the drill results.

Hummingbird is now focused on integrating the positive results seen in its exploration programme into its mine plan. The Gonka deposit is situated just 5km from the process plant, making it suitable to be included in the current mine plan. The deposit is fully permitted and within the mining license, which will allow mining to start immediately once the resource modelling and mine planning is completed during the course of 2019.

On the completion of the 2018 drilling programme the total metres drilled was approximately 28,000m.

An overview of the deposits is as follows:

Deposit	Drilling	Metres
Gonka	Reverse Circulation	6,836
	Diamond Drill Hole	13,930
Komana West	Reverse Circulation	3,091
	Diamond Drill Hole	2,536
Guirin West	Reverse Circulation	1,956
Total		**28,349**

The geology shed at Yanfolila

Operational Review continued

Dugbe Gold Project
Liberia

The Dugbe Gold Project is a 4.2Moz gold resource with a completed Preliminary Economic Assessment ("PEA") showing a 20-year LoM of 125Koz annual gold production. This is Liberia's largest gold deposit and the Company strongly believes there is significant potential to grow these resources further.

Highlights

4.2Moz at 1.4g/t

- Liberia's largest gold deposit
- Positive Preliminary Economic Assessment at gold price estimate of US$1,300 per oz
  - US$186m NPV
  - 29% IRR
  - 125,000oz average production per year over a 20 year LoM
- Significant exploration upside
- Mineral Development Agreement ("MDA") passed into law and printed into handbills in Q2 2019

The core shed at Dugbe

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 is pleased to report that during Q1 2019 the 25-year Mineral Development Agreement was ratified by both houses of Parliament and was subsequently passed into law by the President in Q2 2019. The agreement marks the first and only post-conflict MDA on a new discovery with the Government and as such represents a major milestone for both parties.

The project therefore now possesses the long-term stability and framework required to be a transformational asset, not only for the Company but also for Liberia; when in production, Dugbe 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.

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 exploration area, there is clearly a large amount of unlocked potential. Hummingbird has over 2,000km^2 of exploration ground in southeast Liberia. This offers huge upside potential for future gold discoveries in a still largely unexplored, yet highly prospective region of the Birimian gold province.

We're proud to support our staff across all operations and must make particular note of our Dugbe project Finance Supervisor, Claus Massaquoi, who successfully completed his MBA in Accounting in the year. Congratulations, Claus.

For further information on the Dugbe Gold Project please visit our website; www.hummingbirdresources.co.uk

Sustainability

At Hummingbird, we believe that it is our responsibility to work across all 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 work safely and respectfully, protecting the environment and the communities in the countries we are privileged to work in.

Responsible Principles

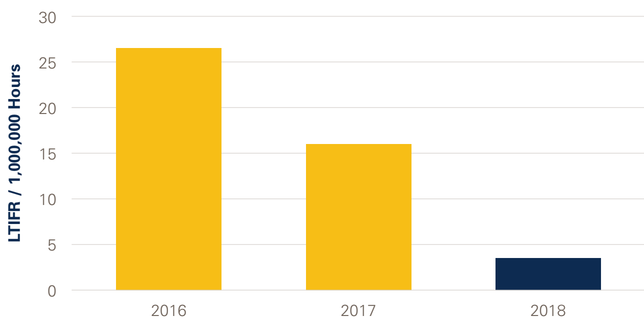
- Zero Harm is possible no matter where we work.
- No Repeats. All necessary steps will be taken to learn from incidents, audit findings and other nonconformances to prevent their recurrence.
- Continuous improvement is essential. We must learn, adapt, anticipate and prevent recurrence.
- Simplicity and consistency are the basis for exceptional performance across our business wherever we work.

Women making soap to sell at the market and to the mines cleaning contractor

HEALTH AND SAFETY

Safety remains an integral part of the business and in 2018 the Company improved its Lost Time Injury Frequency Rate (LTIFR) to 1.8, compared to 3.37 for the year 2017. We have worked hard to ensure all incidents are recorded and reported and that lessons are identified and shared. We achieved a Total Recordable Injury Frequency Rate ("TRIFR") of 3.64 in the year, comparing favourably with peers and against some of the industry's largest companies. With the transition from construction to operations and the development of the site safety culture, Hummingbird aims to reduce LTIFR to below 1.2, and TRIFR to below 2.5.

Yanfolila LTIFR



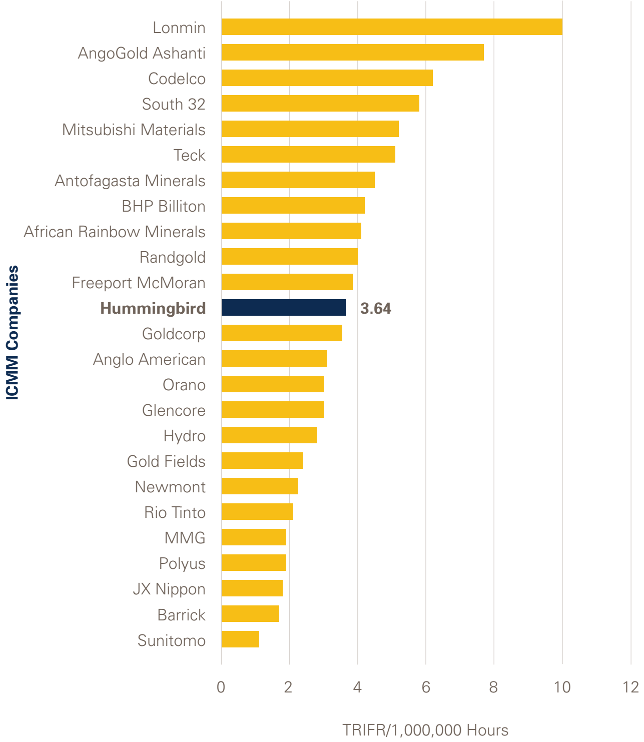
HUMMINGBIRD TRIFR – 2016 TO 2018

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.

For the year we delivered over 7,500 hours of safety training and have set ambitious targets for 2019.

Operational Review continued

TRIFR Benchmarking – ICMM 2017 Safety



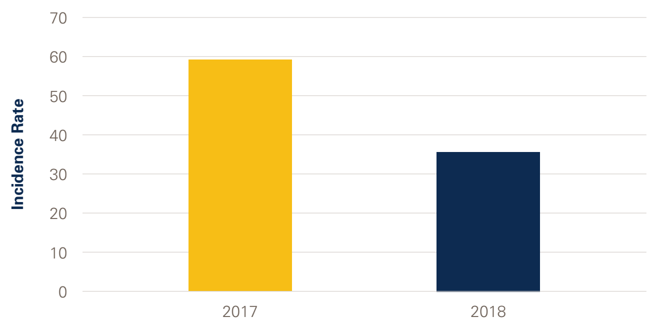
BENCHMARKING TRIFR – ICMM 2017 SAFETY DATA

The Company reviewed and updated Group level documentation and its approach to management systems to ensure alignment with international best practice during the first half of 2018. Operational sites are now well advanced to ensure uniformity and compliance.

Working alongside our doctors and nurses, medical services contractor Critical Care International continues to deliver exceptional standard of health care, both to our workforce of over 1,100 employees and contractors, and to the wider region through our community health programme. Areas of focus for employee healthcare include malaria, communicable diseases, chronic conditions and occupational health.

Throughout 2018, the clinic provided over 2,500 initial consultations and delivered first aid training courses to 231 employees.

Malaria Incidence Rate



Malaria continues to present a major health risk to employees and community members. Our malaria programme has started to see favourable results with a decrease in workforce malaria incidence from 59% in 2017 to 36% in 2018. Nevertheless, malaria contributes 23% of total sick days and will remain a key area of focus as we aim to reduce incidence to below 30% in 2019.

PAYMENTS TO GOVERNMENT AND LOCAL CONTENT

Hummingbird complies with EITI requirements in both Mali and Liberia. In 2018 Hummingbird paid a total of US$10 millon to the Government of Mali comprising taxes, duties and royalties. In Liberia, Hummingbird paid US$167 thousand in licence fees and taxes, to the Government of Liberia.

Payments to Government of Mali 2018

Pits	XOF ‘000,000	USD ‘000
Payroll taxes	539	976
Social security	461	836
Withholding tax IBIC	1,500	2,800
Royalties – CPS tax payable	2,000	3,600
Custom duties	389	700
VAT receivable	281	500
Gold export fee	394	700
Total	**5,564**	**10,112**

Payments to Government of Liberia 2018

	USD ‘000
Business registration fees	5
Licence fees	139
Payroll taxes	11
Withholding tax	12
Total	**167**

LOCAL PROCUREMENT

In 2018, 78% of payments of goods and services were made to national suppliers, equating to over US$93 million of payments.

Vendors

	USD '000
Local vendors	373
National vendors	93,000
International vendors	26,000
Total	**119,373**

LOCAL EMPLOYMENT

Local hiring remains a key performance indicator and Hummingbird is proud to report that 95% of all employees (including contractors) are Mali nationals.

ENVIRONMENT

The environmental management plan applied across the Company's operations first looks to avoid impact wherever possible, before minimising, managing and monitoring impacts, and finally restoring, rehabilitating or compensating. The environmental department continues to implement the environmental management plan, including monitoring parameters, across the project site. Over the course of the year, these included 144 dust fallout samples, over 300 water quality samples, continuous particulate monitoring and management of all waste. Waste management included materials for recycling, off-site transport and disposal, and landfill. Elsewhere in host communities, we carried out monthly noise monitoring.

Environmental Key Performance Indicators:

- 20,258,015 litres of diesel resulting in 54,040 tonnes of CO^2 equivalent
- 2,759,400 m^3 of water used in the process plant, 75% of which was recycled. Hummingbird aims to increase this percentage in 2019 to over 80%. Fresh water usage equated to 0.64m^3/tonne of ore
- Cyanide detoxification plant achieved less than 5ppm WAD CN
- Total electricity generation of 21,590.28MWh with an average efficiency of 255.91 litres of diesel/MWh

The wet season in Mali presented challenges to sediment control across the operation, particularly in active mining areas. As a result, compensation was paid to 14 farmers due to the effects of sediment run-off. A review of the control measures is set to be undertaken in the dry season ahead of the rains in 2019, seeking to ensure that this is not repeated.

Areas of focus for 2019:

- Improvement of sediment control
- Continued good operational performance of the detox system (<5ppm)
- Improved water management – increase recycling of water to >80% and reduce freshwater usage to below 0.50m^3/tonne of ore
- Compliance with monitoring system requirements

COMMUNITY DEVELOPMENT

Hummingbird has developed and implemented a community development plan ("CDP") at the Yanfolila Gold Mine and the Dugbe Gold Project in partnership with local communities, government agencies and non-governmental partner organisations.

In 2018, the CDP in Mali focused on five main pillars:

- Health
- Water & Sanitation
- Education
- Local Economic Development
- Food, Security and Agriculture

Water and Sanitation remained a key focus for the Company throughout the year, as we built upon our established programme to bring clean drinking water to the communities local to Yanfolila. In three host communities (Kenieba, Leba and Komana), we provided new comprehensive water supply systems. These consisted of new boreholes, pumps, 16 taps, solar panels and water storage tanks, all of which provide potable water. Additionally, we installed a new borehole and pump in the village of Kona and rehabilitated four existing boreholes in the villages of Donsosso and Kona. To service these, we trained two delegates per village on pump maintenance and repair, which resulted in 20 workers with the new skills to put into action in their own and others' communes. We are proud to report that the total number of beneficiaries from the year's WASH programme is 6,445 people.

In education, we continued to sponsor 12 teachers across the local commune and donated school materials and equipment to over 2,000 pupils. Furthermore, we partnered with Malian NGO, Negeblon, to offer a three-month training vocational training programme to three communes. Training topics for the 26 youths included boiler-making, first aid and basic business skills. Both the Company and our mining contractor, African Mining Services, are looking to carry out independent traineeships in Mali in 2019.

We have made a significant contribution to community health in the region surrounding Yanfolila in the past 12 months. Key achievements include the construction and opening of a new community health centre in Bougoudale, which hosts maternity facilities, a laboratory, an incinerator for safe medical waste disposal and a pharmacy. The building has solar power and a water supply, as well as accommodation for Doctors and nurses, and the Company provided the first fills of drugs and consumables.

Operational Review continued

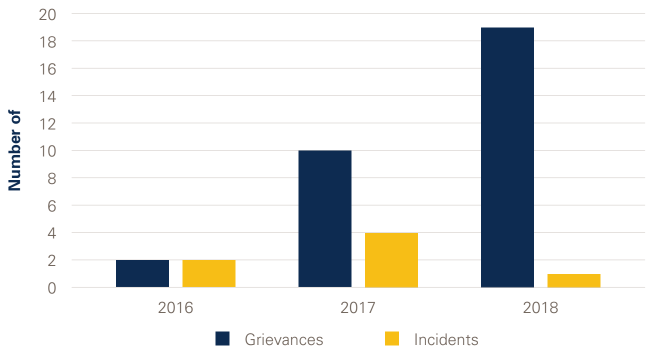
With our focus on malaria, the Company was visited by the National Malaria Delegation and an entomological survey was completed. Following 2017's highly successful donation of blood to the National Malian Blood Bank, two blood donation campaigns were carried out in 2018. The total contribution of the two programmes reached 268 units of blood. We also continued our work with local healthcare workers, running training programmes and setting up a fruitful nurse shadowing programme in collaboration with the Yanfolila School of Nursing. Additionally, we developed a new partnership with the NGO Soutoura, which focuses on sex-worker health.

In food security and agriculture, the Company extended the successful market garden project by building two new market gardens, totalling four hectares, and training the participants. Through planting, reaping and selling the produce grown in these gardens, 200 women benefited from the project which provided a wholly positive alternative livelihood. The projects were provided with all necessary equipment, as well as being fenced and irrigated. We are pleased to report that the first crops were sold in both the local communities and to the mine site's kitchen. This project is moving rapidly towards being self-supporting with investments into production now being made by beneficiaries.

Throughout the year, our local economic development projects focused largely on youth training. In four villages the Company implemented poultry projects for 40 young people to take part in. Having provided the equipment and training to construct, establish and maintain a chicken farm, each village's project is now providing meat to the mine catering contractor. Similarly, the Company has engaged 35 youths in a livestock rearing and fattening programme, and 11 youths in a fence-making programme. We believe that these great skills will bring benefit to both the individual participants, their households, and their local communities.

The community relations team continued with their extensive engagement in 2018, again recording over 300 meetings with stakeholders. 2018 saw an annual increase in recorded grievances, with 19 cases registered, as opposed to 10 in 2017, largely in relation to new project activities. Of these, over 50% were related to field compensation claims associated with expansion activities on the mine and/or sediment run-off events as mentioned earlier. Grievances were promptly closed with compensation paid as necessary. As the operation moves towards steady-state operations, we naturally expect the number of grievances to reduce and change in nature. A review of 2018 grievances has led to an update of procedures and introduction of mechanisms, seeking to ensure none are repeated.

Community Indicators



In May 2018, a security incident occurred with tragic consequences when, following a period of heightened tension, a unit of the National Guard, which was deployed to the area by the Government (which is a shareholder in the mine), opened fire on protestors. The incident initially arose from artisanal miners asserting their rights to exploit the Komana West deposit and followed an extended period of engagement with local leaders. The actions of the National Guard led to the deaths of three people. Since then, no material security incidents have occurred. Reconciliation meetings and processes have been held involving the Company, local communities, local, regional and national authorities, as well as local civil society leaders. Regrettably, similar fatalities have occurred previously and since in other parts of Mali.

Following the incident in May 2018, Hummingbird embarked on a third-party review of security practices and management plan including assessment of our alignment with the Voluntary Principles on Security and Human Rights.

Artisanal and small-scale mining remains a significant challenge around Yanfolila. We seek to manage the interface between our operations and their activities in a manner that minimises the potential for conflict. The Company is advancing a renewed and ambitious artisanal mining strategy in 2019 and looks forward to updating all stakeholders on this process throughout the coming year.

Financial Review

Basis of preparation

The Group's financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Boards ("IASB") and as adopted by the EU. The Group's adoption of new and revised standards, significant accounting policies, and critical accounting judgments are disclosed in the notes to consolidated financial statements. The functional currency of the Group is United States Dollar ("$"). The financial information below is presented in thousands of United States dollars ("$'000").

Consolidated statement of comprehensive income

An unabridged analysis of the consolidated statement of comprehensive income for the year ended 31 December 2018 is shown below:

	2018 $'000	2017 $'000
Continuing operations		
Revenue	116,539	—
Production costs	(87,016)	—
Amortisation and depreciation	(19,881)	—
Royalties and taxes	(3,942)	—
Cost of sales	(110,839)	—
Gross profit	5,700	—
Share based payments	338	(424)
Other administrative expenses	(10,975)	(6,351)
Operating loss	(4,937)	(6,775)
Finance income	4,797	6,514
Finance expense	(9,119)	(6,877)
Profit on disposal of subsidiaries	—	1,919
Share of associate loss	(235)	(117)
Share of joint venture loss	(2)	—
Impairment of associate	(2,044)	—
Reversals in impairment of financial assets	88	—
Losses on financial assets measured at fair value	(198)	—
Loss before tax	(11,650)	(5,336)
Tax	(1,163)	—
Loss for the year	(12,813)	(5,336)

Principal items of income and expense are explained as follows:

Revenue

In the first year of full operations the Group sold 91,546 ounces of gold, generating revenue of $116.5 million at an average realised gold price of $1,271 per ounce.

Cost of sales

Cost of sales of $110.8 million primarily relate to the following cost elements:

- Mining costs of $59.3 million, represents both owner and contract mining costs. African Mining Services (a part of Ausdrill Group), are the mining contractor who perform the full mining scope from mining, production drilling and blasting, to ore haulage for processing. Their contract is based on a fixed and variable rate with allowances for inflationary rise and fall adjustments.
- Processing costs of $19.9 million, represents costs incurred at the processing plant. Major cost categories include power, plant maintenance and chemical reagents costs.
- Inventory write downs of $4.9 million, represents reporting adjustments to reflect the lower of cost and net realisable value.
- Support costs of $2.9 million, represents costs incurred in supporting the core mining and processing areas. Included in this are insurance, finance and administration (excluding corporate head office costs), community affairs, security and human resources.
- Amortisation and depreciation of $19.9 million - following the commencement of production, all capital costs, including previously incurred mine development costs commenced being depreciated. Amortisation and depreciation costs are for most, based on a unit of production method, in line with ounces produced.
- Royalties costs of $3.9 million, representing amounts due to the Government of Mali (approximates 3% of revenue).

Financial Review continued

Other administrative expenses

Other administrative costs of $11.0 million, represents mainly corporate costs, staff costs and professional fees, as well as business development costs. Increases in other administrative costs were primarily due to increased head office, legal and business development costs (2017: $6.4 million).

Finance income and expenses

Finance income of $4.8 million, represents interest on deposits and receivables, foreign exchange gains and fair value adjustments on warrants (2017: $6.5 million).

Finance expenses of $9.1 million, represents interest and amortised costs on borrowings, foreign exchange losses, and unwinding of present value discounts on provisions (2017: $6.9 million).

In reference to borrowings (note 17):

- Interest and amortised costs during the year totaled $5.9 million and $0.3 million respectively (2017: $4.1 million and $0.9 million respectively, capitalised into mine development costs).
- Foreign exchange gains during the year totaled $2.9 million, as a result of a weakening of FCFA against USD (2017: $6.0 million foreign exchange loss).

Impairment of associate

As at 31 December 2018, the Group had a 28% stake in Cora Gold, an AIM listed exploration company. As a result of a weakening in the Cora's share price during the year to $0.08 (£0.06) from, $0.16 (£0.12) at 31 December 2017, the Group recognised an impairment charge of $2.0 million. The carrying value of $1.4 million approximates the investments fair value at 31 December 2018.

Taxation

The taxation of the Group's operations in Mali are aligned to the mining convention (Mining Code of Mali 1999) under which tax is charged at an amount not less than 1% of turnover and not more than 30% of taxable profits.

Statement of Financial Position

An abridged analysis of the statement of financial position for the year ended 31 December 2018 is shown below:

	2018 $'000	2017 $'000
Non-current assets	**211,540**	197,070
Current assets	**27,123**	16,257
Cash and cash equivalents	**21,530**	40,620
Total assets	**260,193**	254,217
Non-current liabilities	**13,541**	—
Non-current borrowings	**40,819**	53,404
Current liabilities	**55,106**	44,790
Current borrowings	**20,112**	11,246
Total liabilities	**129,578**	109,440
Net assets	**130,615**	144,777
Equity attributable to equity holders of the parent	**129,388**	140,606
Non-controlling interest	**1,227**	4,171
Total equity	**130,615**	144,777

Principal movements in assets and liabilities are explained as follows:

Total assets
As at 31 December 2018, the Group's assets totaled $260.2 million, an increase of $6.0 million on the prior year. Total assets comprise: Non-current assets; including investments, exploration and evaluation assets, property plant and equipment, and Current assets; including cash and cash equivalents, inventories, trade and other receivables.

- **Non-current assets** – Increased by $14.5 million during the year, as a result of both additions and offsetting transfers and charges. Additions during the year included; exploration and evaluation expenditure of $6.0 million and property, plant and equipment of $34.0 million. Offsetting transfers and charges during the year included; transfers to opening stock of $3.5 million (on commencing production), impairment in associates of $2.0 million, and amortisation and depreciation charges of $20.0 million. Of total exploration and evaluation expenditure of $6.0 million, $5.2 million relates to staff, technical and drilling costs in Mali, as the Group focuses on extending the Yanfolila mine life. Total property, plant and equipment additions consisted; mine completion costs of $14.0, sustaining capital of $4.4 million, initial expenditure on the Second Ball Mill of $1.3 million, estimated future mine closure costs of $13.2 million, and capitalised construction incentives of $1.1 million.
- **Current assets** – Increased by $10.6 million during the year, as a result of; additions to inventory of $12.4 million and reduction in trade and other receivables of $1.8 million. Additions to inventory consisted; finished gold of $4.6 million, gold in process of $5.6 million and stockpiled ore and consumables of $2.2 million. Reduction in trade and other receivables is largely attributed to impairment charges arising on adoption of IFRS 9 Financial Instruments during the year of $1.8 million (note 16).
- **Cash and cash equivalents** – As at 31 December 2018 the Group held cash and cash equivalents of $21.5 million, of which $4.2 million is restricted in accordance with the Group's borrowing obligations (2017: $40.6 million, of which $4.4 million was restricted). See analysis of consolidated statement of cashflow.

Total liabilities
As at 31 December 2018, the Group's liabilities totaled $129.6 million, an increase of $20.1 million on the prior year. Total liabilities comprise: Non-current liabilities, including rehabilitation provision, and Current liabilities; including trade and other payables, and other financial liabilities. Borrowings; current and non-current.

- **Current liabilities** – Increased by $10.3 million during the year, as a result of growth in trade and other payables of $11.3 million and reduction in other financial liabilities of $1.0 million. Growth in trade and other payables is largely attributed to the transition of the Group's Yanfolila Mine from development into production, hence increased demand for supplies and services to support the mining operations and impost of royalties and taxes on revenue generation. Reduction in other financial liabilities relates to a reduction in the fair value of warrants issued.
- **Non-current liabilities** – Increased by $13.5 million during the year, as a result of recognising a rehabilitation provision. The rehabilitation provision represents the present value of estimated future rehabilitation costs relating to mine sites (note 18).
- **Borrowings** – Borrowings (including capitalised issue costs) decreased by $3.7 million during the year. The decrease is the net result of a paydown of the existing Senior Loan Facility and draw down of the Second Ball Mill Facility. Details of the Group's borrowings are set out below:

  Coris Senior Loan Facility
  On 11 April 2017, the Group's subsidiary, Société des Mines de Komana SA ("SMK") entered into a senior secured term debt facility with Coris Bank International ("Coris") for CFA 37, billion (approximately $60 million). On 10 April 2017 SMK drew down the CFA 15.5 billion (approximately $25 million) and on 4 July 2017 drew down the remaining CFA 21.5 billion (approximately $35 million). The facility carries an interest rate of 9% per annum and tenure of four years from signing date. Principal repayments commenced during the year (initially deferred for twelve months from first drawdown). Principal and interest repayments during the year totaled $16.8 million (2017: $4.1 million). Issue costs of $3.6 million were capitalised and are amortised over the life of the facility. See analysis of consolidated statement of comprehensive income for details of interest, amortised borrowing costs and exchange differences.

  Balance outstanding at 31 December 2018 $51.7 million (2017: $64.7 million).

  Coris Second Ball Mill Facility
  On 26 November 2018, following approval for the construction of the Second Ball Mill at the Yanfolila Mine, the Group's subsidiary SMK entered into a senior secured term debt facility with Coris for CFA 5.5 billion (approximately $9.6 million). On 28 December 2018 SMK drew down the balance of the facility. The facility carries an interest rate of 9% per annum and tenure of two years from signing date. Principal repayments are deferred for twelve months from first drawdown. Issue costs of $0.4 million were capitalised and will be amortised over the life of the facility.

  Balance outstanding at 31 December 2018 $9.2 million (2017: N/A).

  Coris Overdraft Facility
  On 26 November 2018, the Group's subsidiary, SMK entered into an overdraft facility with Coris for CFA 5.5 billion (approximately $9.6 million), to provide additional working capital flexibility. The Coris Overdraft Facility carries an interest rate of 9% per annum and remains available twelve months from date of signing.

  The facility was undrawn as at 31 December 2018 2017: N/A).

Financial Review continued

Consolidated statement of cash flows

An unabridged analysis of the consolidated statement of cash flows for the year ended 31 December 2018 is shown below:

	2018 $'000	2017 $'000
Net cash inflow / (outflow) from operating activities	**18,134**	(649)
Investing activities		
Purchases of intangible exploration and evaluation assets	**(5,922)**	(1,233)
Purchase of intangible assets	**—**	(185)
Purchases of property, plant and equipment	**(20,070)**	(56,368)
Purchase of shares in other companies	**(105)**	(741)
Loans provided net of issue costs	**(2,000)**	—
Interest received	**181**	320
Net cash used in investing activities	**(27,916)**	(58,207)
Financing activities		
Exercise of warrants	**36**	434
Loan interest paid	**(5,871)**	(3,955)
Loans repaid	**(10,911)**	(15,000)
Loans received net of issue costs	**9,168**	57,980
Net cash (used in) / from financing activities	**(7,578)**	39,459
Net decrease in cash and cash equivalents	**(17,360)**	(19,397)
Effect of foreign exchange rate changes	**(1,730)**	6,178
Cash and cash equivalents at beginning of year	**40,620**	53,839
Cash and cash equivalents at end of year	**21,530**	40,620

Net cash generated by operating activities

During the year ended 31 December 2018, the Group reported a $18.1 million in net cash inflow from operating activities (2017: $0.6 million cash outflow), reflecting the Group's transition from asset development into gold production.

Net cash used in investing activities

During the year ended 31 December 2018, the Group reported a $27.9 million cash outflow from investing activities (2017: $58.2 million cash outflow), of which $2.0 million was an advancement (by way of a convertible loan) to Bunker Hill Mining, $19.9 million property plant and equipment and $5.9 million exploration as the Group seeks to unlock further deposits at its Yanfolila project in Mali.

Net cash used in financing activities

During the year ended 31 December 2018, the Group reported a $7.6 million cash outflow from financing activities (2017: $39.5 million cash inflow), of which $16.8 million was scheduled debt and interest repayments on borrowings, and $9.2 million additional debt funding raised, as part of planned expansion of the Yanfolila Plant.

Future obligations and their maturities stated at their gross, contractual and undiscounted amounts, are shown below:

At 31 December 2018	Less than one year $'000	Between one and five years $'000	Over five years $'000	Total $'000
Trade and other payables (note 20)	39,787	—	—	**39,787**
Other financial liabilities (note 22)	319	—	15,000	**15,319**
Borrowings (note 17)	20,112	40,819	—	**60,931**
	60,218	40,819	15,000	**116,037**
Operating lease commitments (note 21)	1,901	5,898	—	**7,799**
Other commitments (note 29)	14,666	—	—	**14,666**
	76,785	46,717	15,000	**138,502**

Non-GAAP Financial Performance Measures

The performance of the Group against its strategy and objectives is linked to the remuneration of the executives, as the annual bonus plan performance targets are aligned to the Group's Key Performance Indicators ("KPI's") and strategic priorities.

No meaningful information can be derived from the comparison of the below non-GAAP measures to prior year given the transition of the Group from a developer to gold producer. As such, an analysis of the prior year is omitted.

We use the following non-GAAP financial performance measures in assessing performance.

- EBITDA and adjusted EBITDA
- Cash costs per ounce; and
- All-in sustaining costs per ounce

EBITDA and Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is a factor of volumes, prices and cost of production. This is a measure of the underlying profitability of the Group, widely used in the mining sector. Adjusted EBITDA removes the effect of impairment charges, foreign currency translation gains/losses and other non-recurring expense adjustments.

Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA

	2018 $'000
Net loss before tax	(11,650)
Less: Finance income	(4,797)
Add: Finance costs	9,119
Add: Depreciation and amortisation	20,006
EBITDA	**12,678**
Share based payments	(338)
Share of associate loss	235
Share of joint venture loss	2
Impairment of associate	2,044
Reversals in impairment of financial assets	(88)
Losses on financial assets measured at fair value	198
Adjusted EBITDA	**14,737**

Cash cost performance

Cash costs per ounce and all-in sustaining costs per ounce are non-GAAP financial measures which are calculated based on the definition published by the World Gold Council ("WGC"), a market development organisation for the gold industry. Management uses these measures to monitor the performance of our gold mining operations and their ability to generate positive cash flow.

Cash costs is calculated as direct mine operating costs (including mine based general and administration costs but excluding depreciation and amortisation) divided by ounces of gold sold.

All-in sustaining cash cost ("AISC") is calculated as cash cost above plus sustaining capital expenditures divided by ounces of gold sold.

Our use of cash costs and all-in sustaining are intended to assist analysts, investors and other stakeholders to understand the costs associated with producing gold better as well as assessing our operating performance and our ability to generate free cash flow from current operations.

Financial Review continued

Reconciliation of Cost of Sales to Cash Costs, All-in Sustaining Costs including on a per ounce basis

	2018 $'000
Cost of sales applicable to mining operations	111,609
Administration expenses related to mining operations	2,410
Depreciation and amortisation related to mining operations	(19,882)
Group recharges applicable to mining operations eliminated on consolidation	665
Cash cost	94,802
Mine sustaining capital expenditures	4,712
All-in sustaining cash cost	99,514
Ounces sold	91,546
Cash cost per ounce	1,036
All-in sustaining cash cost per ounce	1,087

Cash costs were mainly affected by lower production in Q1 2018 during the ramp up and commissioning phase together with pit wall remediation required in Q3 and Q4 2018. The pit wall remediation in Q3 and Q4 2018 meant that production was lower whilst costs were higher as the focus of operations was on remediation.

Strategic Review

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 Review in order to achieve compliance with provision of the Companies Act 2006).

PRINCIPAL RISKS AND UNCERTAINTIES

The nature of the Group's activities and the locations in which it operates mean that it is generally exposed to significant and uncertain risk factors, some of which are beyond its control. The ability to deliver the Group's objectives and vision depends on an ability to understand and appropriately respond. The table below, while not exhaustive, sets out the principal risk factors and uncertainties which may impact the Group's future performance, and its strategy for managing them.

Risk	Mitigation/Comment
Asset Portfolio	
The Group's revenue is currently derived from a single asset - the Yanfolila Gold Mine in Mali. Reliance on a single asset requires continual focus on managing efficient operations. In 2018 the cash flows from the Group's sole revenue producing asset were materially impacted by unexpected events, requiring the Group to raise further funding. Should the cash flows from the Group's sole producing asset be impacted adversely from an unexpected event again then the Group may need to raise additional funding. Should additional funding be required then as noted in note 3, there is a risk that the Group may not be able to obtain it in the necessary timeframe.	The Group continually reviews and implements targeted projects seeking to enhance the reliability, effectiveness and long term profitability of the Yanfolila Gold Mine. The Group is assessing a range of internal and external growth opportunities to build on its existing asset portfolio as well as ensuring that efficient production from existing asset is maximised. For example, exploration activities are ongoing in Mali and Liberia, where the Group has recently been granted a 25 year, renewable Mineral Development Agreement with the Government of Liberia, encompassing the Dugbe Project.
Changes to Commodity Prices, Cash Flow and Credit Risk	
As an unhedged junior mining company operating its first gold mine, the Group's financial performance is significantly exposed to the price of gold. Should the gold price fall significantly this will impact future reserves, profitability and could ultimately impact the Group's ability to service debt and meet operating costs. Financial performance may also be impacted through foreign exchange movements, rises in fuel prices or where there is an inability to secure adequate funding.	The Group monitors its exposure to commodity price fluctuations and foreign exchange rate fluctuations as part of financial and treasury planning. The board reviews these risks regularly (including at the quarterly board meetings and considers whether any additional actions are appropriate, taking into account forecasts and expectations of stakeholders.
Mining risk	
The Group's financial performance is largely dependent on the efficient operation of the Yanfolila Gold Mine in Mali. This requires effective management of the mining contractor, strip ratios and mining techniques in ensuring cost effectiveness, and timely delivery of material at sufficient quantity and grade for processing. Any significant delays in delivering the planned ore volumes or additional costs of mining, ore losses and additional dilution could lead to the project requiring additional working capital or becoming uneconomic.	The Group continuously reviews its mining methods and, together with the mining contractor, assesses performances against targets on a regular basis.

Strategic Review continued

Risk	Mitigation/Comment
Geological risk	
The Groups cashflows and profitability is dependent on achieving the predicted grades and tonnages of ore forecast in the mine plans. The mine plans are based on geological models, supported by resource and reserve estimates. Resources and reserves are estimated based on assumed continuity between points of observation where data samples have been gathered. Until material is mined and processed, there is a risk that the grades and tonnages of ore may be materially different to that estimated.	Geological models are subject to internal and external reviews before being classified as resources and reserves, or being used to support mine plans. Additionally as further information becomes available, including through mining, geological models are updated accordingly.
Fraud, Error and Corruption	
The Group is aware of the risk of internal fraud, error and corruption activities, and the various ways that such risk may transpire. There is also awareness that the risk is increased where there are differences in financial processes, language or culture between stakeholders.	The Group has internal controls in place with the objective of mitigating the risk of fraud, corruption and error to the business.
Operational performance and reporting	
As a listed company, the Group acknowledges the importance of communicating actual and forecast operational performance on a timely basis.	The Group's focus on a culture of good governance and disclosure is aimed to provide up-to-date information on activities impacting shareholders and other key stakeholders.
Social Licence to operate	
The Group's ability to develop and operate its projects is dependent on the support of its host communities. Overall relations with the host communities have been positive, however there is a risk that if the relationships deteriorate then the ability of the Group to operate could be temporarily or permanently adversely impacted.	The Group is proactive in its social engagement and places a high importance on its relationship with the host communities as key stakeholders.
Safety	
The mining workplace environment is subject to a number of hazards, including the risk of serious injury or fatality while working on site. The physical remoteness of sites also increases the risk of commuting to site and the availability of medical assistance in the event of an incident. The Group is also aware of the risk of an outbreak of a serious illness amongst the workforce and the associated potential for large-scale disruption to operations as a consequence.	The Group employs a wide range of safety management systems with the objective of ensuring the safety of the team. The Group provides training and supervision on safety management, which the intention of promoting and embedding safe operating practices.
Security and Conflict Risk	
The Group is exposed to the external physical security risks presented by artisanal mining activities, territorial conflicts and/or terrorist actions which could impact our people, our operations and our broader supply chain.	The Group employs a range of measures to mitigate the risk of harm to our people and operations. Country and regional information is continuously monitored to assess the risk of terrorism and security plans are in place to mitigate identified risks.

Risk	Mitigation/Comment
Geopolitical, Legal and Regulatory Risks	
The Group's exploration, development and exploitation 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. Changes to existing applicable laws and regulations, more stringent interpretations of existing laws or inconsistent interpretation or application of existing laws by relevant authorities have the potential to adversely impact the Group's business activities. The Group's operational and exploration activities are subject to extensive regulation in the relevant jurisdictions	The Group monitors legal and geopolitical risks as a key part of its overall assessment process when considering changes to operations or pursuing new growth opportunities. The Group actively engages with Governments and policy makers at the most senior levels to discuss regulatory developments that are applicable to the Group's business activities.
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.	The Group aims to conduct exploration on a systematic basis focusing on opportunities to increase long term shareholder value within available budgets. Where funding is limited the Group will consider farmouts and joint ventures such as with Cora Gold in 2017.

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

Dan Betts
Chief Executive Officer

Board of Directors

RUSSELL KING
Non-Executive Chairman
Russell is Senior Independent Director of Spectris 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.

Committees

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.

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.

ERNIE NUTTER
Non-Executive Director

Ernest (Ernie) Nutter is a highly regarded mining analyst, formerly with one of the world's largest fund managers, Capital Group, 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 and sits on the Technical Advisory Committee.

ATTIE ROUX
Non-Executive Director

Adriaan (Attie) Roux is a metallurgical engineer with over 40 years' operational, technical and executive management experience in the mining industry. He is currently an independent technical and management consultant and COO of Leagold Mining. Attie was previously the COO of Endeavour Mining where he was instrumental in its development and growth. He has been internal director in a number of companies such as Anglogold Ashanti and Endeavour Mining. He is a registered professional with the SA Council for Natural Scientific Professions. Mr Roux also serves as chairman of the TAC.

The Audit Committee

The Audit Committee oversees and reviews the Company's financial reporting and internal control processes, its relationship with external auditors and the conduct of the audit process together with its process for ensuring compliance with laws, regulations and corporate governance. The Company's external auditors are invited to attend the meetings of the Committee on a regular basis. The Audit Committee comprises David Straker-Smith (Chairman) and Ernie Nutter.

The Technical Advisory Committee

The Technical Advisory Committee acts as an independent body of experts for the Company in order to establish formal and transparent arrangements to assist the Company in assessing and guiding technical and operational performance.
The TAC committee comprises Attie Roux, David Lunt, Ernie Nutter & John Meneghini.

The ESG Committee

The Environment, Social and Governance ('ESG') Committee acts as an independent body of experts to establish formal and transparent arrangements for considering how the Board should assist the Company to meet its commitments under the Group's ESG Policy, complying with its obligations concerning occupational and community health and safety, environmental performance and compliance, and community engagement.
The ESG committee comprises of Kate Harcourt, Edward Bickham and David Hebditch.

Corporate Governance

Corporate Governance
The Board of Hummingbird Resources PLC (the 'Company') have adopted the QCA Corporate Governance Code 2018 (the 'QCA Code') and believe the application of the QCA Code supports the Company in pursuing medium to long-term value for shareholders, without stifling the entrepreneurial spirits and creativity. The Board will provide annual updates on compliance with the QCA Code. Our current progress against the ten principles of the QCA Code are set out below.

Strategy and Business Model
The Company currently has two core gold projects, the Yanfolila Gold Mine in Mali and the Dugbe Gold Project in Liberia. Yanfolila produced its first gold pour on time and on budget in December 2017, and has implemented an expansion project to plant capacity with the addition of a Second Ball Mill.

The Strategic Review on pages 21 to 23 provides details the Company's strategy, as well as key risks and mitigation actions.

Understanding and meeting shareholder needs and expectations
The Company endeavours to communicate with shareholders on a regular basis to understand and meet their needs and expectations.

Shareholders are encouraged to engage with the Company throughout the year through RNS announcements, direct communication, conference calls, website content, corporate presentations, national and international medias including social media.

Additionally, shareholders are invited to the AGM where they are given opportunities to ask questions.

Contact details are provided within every Company announcement and are available on the Company's website.

Wider stakeholder needs and social responsibilities
The Company has an active policy of engagement with key internal and external stakeholders, in particular with the local communities in which it operates, its host governments, employees and suppliers. The Company recognises that the relationships with key stakeholders are central to the long-term success of the business and therefore seeks feedback from all groups.

The Responsible Mining page on the Company's website provides details regarding the Company's commitment to creating value for all stakeholders and building a lasting legacy for the communities living within its licence areas.

Effective Risk Management Throughout the Organisation
The Company has three committees to assist in its continuous assessment and management of potential risks to the Company, both from a corporate and project perspective:

- The Audit Committee
- The Technical Advisory Committee
- The Environment, Social and Governance (ESG) Committee

The Audit and ESG Committees aim to meet a minimum of four times a year; the Technical Advisory Committee typically meets once a month.

The Board receives and reviews reports on Company's principle risks on a regular basis, including Political, Financial, Mining and Technical risks. Control mechanisms have been put in place for the purpose of monitoring and mitigating these risks.

A balanced and well-functioning Board led by the Chairman
The Board consists of the Chairman, Chief Executive Officer, the Finance Director and Company Secretary and five Non-Executive Directors (including the Chairman). All Non-Executive Directors are considered to be independent, and the Board believes to be an appropriate composition, given the size and nature of the business.

Biographies of all Directors are included on pages 24 and 25.

The Board endeavours to meet on a quarterly basis and holds additional meetings either in person or by conference calls to review and, if necessary, make plans to improve Company performance.

The table below shows the number of meetings of Board and committees during the year to 31 December 2018:

Director	Board of Directors	Audit Committee	Technical Advisory Committee ("TAC")
Russell King	5/5	—	—
Dan Betts *	5/5	—	—
Thomas Hill *	5/5	—	—
Stephen Betts	4/5	—	—
Richard Straker-Smith	4/5	5/5	
Attie Roux [1]	3/3	—	6/6
Ernie Nutter [2]	3/3	5/5	6/6

* All Directors were invited to attend TAC Meetings. The CFO was invited to attend all Audit Committee meetings.
1 — Attie Roux was appointed 30 April 2018, and is Chairman of TAC Committee.
2 — Ernie Nutter was appointed 30 April 2018 and is a member of Audit and TAC committees.

Experience, skills and capabilities of the Board
The Board is satisfied that the current Directors have a breath of experience, skills and capabilities relevant to the Company's evolving activities.

All Directors retire at intervals in accordance with the Company's Articles of Association, and if appropriate offer themselves for election by the shareholders.

The Directors have gained their skillsets and knowledge through experience in gold exploration, development and production, as well as in wider business sectors; their skillsets and knowledge are kept up to date by the Company's advisory teams, involvement and participation in industry conferences, and through their own continuing professional development.

The Company Secretary ensures the Board is informed of its legal responsibilities, and the Company is compliant with applicable regulatory requirements and legislation. The Board also has access to advice from external bodies such as the Company's nominated advisors, auditors and lawyers.

Board Evaluation
The Board reviews its performance quarterly, seeking to identify opportunities for improvement with the overriding objective of maximising long-term shareholder value.

Corporate Culture
A key part of the Board's function is to ensure that there are sound ethical values and behaviours upheld throughout the organisation.

The Company strives to drive environmental and community projects which will leave the environments where we work a better place for the long term. The Company aims to build a legacy of improvement in the education, health, standard of living and environment in the places where it has been, and wants to be known for always dealing in an honest and respectful manner at all times.

People are central in the Company's long-term success, and therefore the Company encourages opportunities for people to develop their skills to the best they can, to learn, to grow and above all, to challenge.

Honesty and trust are paramount values throughout the business.

Governance Structure and Processes
The Chairman is responsible for the Company's adherence to an appropriate corporate governance structure. Detailed roles and responsibilities of the Directors can be found on pages 24 and 25.

The Board is supported in its decision making by three committees. Each Committee has Terms and Reference setting out its duties, authorities and reporting responsibilities.

Audit Committee
The Audit Committee oversees and reviews the Company's financial reporting and internal control processes, its relationship with external auditors and the conduct of the audit process together with its process for ensuring compliance with laws, regulations and corporate governance. The Company's external auditors are invited to attend the meetings of the Committee on a regular basis and given the opportunity to meet the Committee with no Executive Directors present.

Corporate Governance continued

Technical Advisory Committee
The Technical Advisory Committee acts as an independent body of experts for the Company in order to establish formal and transparent arrangements to assist the Board in assessing and guiding technical and operational performance.

ESG Committee
The ESG Committee acts as an independent body of experts to establish formal and transparent arrangements for considering how the Board should assist the Company to meet its commitments under the Group's Safety, Health, Environment and Community (SHEC) Policy, complying with its obligations concerning occupational and community health and safety, environmental performance and compliance and community engagement. Full details regarding the roles and responsibilities of these committees can be found here. The Company has adopted, and will maintain, governance structures and processes that are fit for purpose. This governance structure may evolve over time in parallel with the development of the Company and therefore any fluctuation in its objectives, strategy and business model.

Communication with Shareholders and other relevant stakeholders
The Company seeks to engage regularly with shareholders, including through post-RNS announcements, conference calls and the AGM. The Company welcomes engagement with shareholders throughout the year either in person, by telephone or by email. A range of corporate information, including all Company announcements, historical annual reports and other governance-related material, is also available to shareholders, investors and the public on the Company's website.

This Corporate Governance Report has been approved by the Board and signed on its behalf by:

Russell King
Non-Executive Chairman

Audit Committee Report

Dear Shareholder,

I am pleased to present you the Audit Committee Report for the financial year ended 31st December 2018.

Composition
The Audit Committee consists of two Non-Executive Directors. Ernie Nutter and myself. The Board consider that the Committee as a whole has competence relevant to the sector in which the Company operates.

The Audit Committee held 5 meetings in 2018 and all members attended.

Responsibility
The Board has formally approved Audit Committee's Terms of Reference, which sets out detailed duties and responsibilities. The primary function of the Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities with regard to financial reporting, external and internal audit, risk management and controls and to oversee various policies including anti-corruption and bribery.

In the past financial year, the Committee reviewed and approved the interim and year-end financial results. The Committee met with the auditors to review and approve their audit plan, received their findings and monitored the integrity of the financial statements of the Company.

External Audit
The Audit Committee reviewed and recommend to the Board the appointment and remuneration of the Company's external auditor, and is satisfied that the current auditor, RSM UK Audit LLP maintains its objectivity and independence in carrying out audit work.

Accordingly, the Committee recommended to the Board that RSM UK Audit LLP be re-appointed for the next financial year.

Significant issues related to the financial statements
The Committee reviewed the key judgements applied to a number of significant issues in the preparation of the financial statements. The review included consideration of the following:

Going concern
As set out in note 3, the annual financial statements have been prepared on a going concern basis. In making an assessment on going concern, the Group has prepared cash flow forecasts based on estimates of key variables including production, gold price, operating costs and capital expenditure through to December 2020 that supports the conclusion of the Directors that there is sufficient funding available to meet the Group's anticipated cash flow requirements to this date. These cashflow forecasts are subject to a number of risks and uncertainties, in particular the ability of the Group to achieve the planned levels of production.

Having considered the above, the Committee found the Group's going concern assessment to be appropriate.

Exploration and evaluation (E&E) assets
As a result of a deficit arising between the Group's market value (capitisation) against book value (net assets) at 31 December 2018, the Group conducted an assessment of impairment over E&E assets. As set out in note 4, in respect of E&E assets, the Group considers there to be two cost pools, being the whole of Liberia and whole of Mali, and therefore aggregates assets in respect of each for the purposes of determining whether impairment of E&E assets has occurred. Having considered the recoverable amount of the Liberian cash generating unit ("CGU"), with reference to the 2013 Preliminary Economic Assessment ('PEA') for the Group's Dugbe Gold Project in Liberia, no impairment loss was recognised for the year ended 31 December 2018. Having considered the recoverable amount of the Malian CGU, with reference to the Group's latest budget and life of mine ("LOM") plan for the Group's Yanfolila Gold Mine in Mali, no impairment loss was recognised for the year ended 31 December 2018. There is a possibility that changes in circumstances will alter these projections, which may impact on the recoverable amount of the assets.

Having considered the above, the Committee found the Group's assessment of impairment in respect of E&E assets to be appropriate.

Property, plant and equipment
As a result of a deficit arising between the Group's market value (capitisation) against book value (net assets) at 31 December 2018, the Group conducted an assessment of impairment over property, plant and equipment. As set out in note 4, determination as to whether, and by how much, an asset or cash generating unit ("CGU") is impaired involves management estimates on highly uncertain matters such as; gold price, discount rates used in determining the estimated discounted cash flows of CGU, foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources that may be included in the determination of fair value less cost to dispose ("fair value").

The principal CGU, to which mine property, plant and equipment relates is the Group's Yanfolila Gold Mine in Mali (operating segment). In determining the recoverable amount of CGU at 31 December 2018, future cash flows were discounted using rates based on the Group's estimated weighted average cost of capital. Operating and capital cost assumptions are based on the Group's latest budget and life of mine ("LOM") plan.

Audit Committee Report continued

The table below summarises the key assumptions used in the carrying value assessments:

Gold price ($ per ounce):	2018: $1,150 - $1,250 2017: N/A	Commodity price and foreign exchange rates were estimated with reference to external market forecasts. The rates applied to the valuation had regard to observable market data.
Discount rate % (post tax):	2018: 18.5% – 23.5% 2017: N/A	In determining the fair value of CGU, the future cash flows were discounted using rates based on the Group's estimated real weighted average cost of capital, with an additional premium applied having regard to the geographic location of the CGU and Company size.
Operating and capital costs:	LOM operating and capital cost assumptions are based on the Group's latest budget and life of mine plan.	

Based on the recoverable amount of the CGU, no impairment loss was recognised for the year ended 31 December 2018. There is a possibility that changes in circumstances will alter these projections, which may impact on the recoverable amount of the assets.

Having considered the above, the Committee found the Group's assessment of impairment in respect of property, plant and equipment to be appropriate.

Other receivables
As set out in note 4, included in other receivables is an amount of CFA 6,624,517,000, $10,768,000 (2017: $10,955,000), due from the Government of Mali, arising on 2 February 2017 when the Government of Mali exercised its right to acquire an additional 10% of Societe Des Mines De Komana SA (taking its total interest in Societe Des Mines De Komana SA to 20%). The Group remains 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 Group consider the receivable to be 'credit-impaired' as it remains unpaid more than 1 year since the Government of Mali exercised its right. Having considered multiple scenarios on the manner, timing, quantum and probability of recovery on the receivable, the Group recognised a lifetime expected credit loss of $1,903,000 on adoption of IFRS 9 'Financial Instruments' (taken directly to opening retained earnings). Following a weakening of CFA against USD, the assessment of lifetime expected credit loss was revised to $1,815,000 as at 31 December 2018. The allowance for lifetime expected credit losses assessment requires a significant degree of estimation and judgement.

Having considered the above, the Committee found the Group's assessment of impairment (on application of IFRS 9 'Financial Instruments') in respect of the receivable due from the Government of Mali to be appropriate.

Rehabilitation provision
The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2029. The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (2%) and changes in discount rates (2%). These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Having considered the above, and an independent external review of the Group's mine closure plan and cost estimates, the Committee found the Group's estimate and assumptions therein to be appropriate.

Looking forward
In the coming financial year, in addition to ongoing duties, the Committee will review the cost and benefit of increased internal control and internal audit capability and will make recommendations to the Board accordingly.

Approval
This Audit Committee Report has been approved by the Committee and signed on its behalf by:

David Straker-Smith
Chair of the Audit Committee

24 May 2019

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 2018.

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 15 to the financial statements.

Corporate Governance
The Group has adopted to the Quoted Companies Alliance (QCA) Code as set out in the United Kingdom. Further details are set out on pages 26 to 28 and the Group's website.

Board
The Board currently comprises seven 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 David Straker-Smith (Chairman) and Ernie Nutter. 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 reporting date events
Events after the reporting date have been disclosed in note 31 to the financial statements.

Results and dividends
The results of the Group for the year ended 31 December 2018 are set out in the Consolidated Statement of Comprehensive Income. The Directors do not recommend payment of a dividend for the year (2017: $Nil).

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	Resignation date	Number of shares at 31 December 2018	Number of shares at 31 December 2017
DE Betts [1 & 2]	30 October 2005		**4,949,149**	4,949,149
TR Hill [3]	17 July 2012		**148,235**	148,235
SA Betts [1 & 4]	28 April 2006		**712,542**	712,542
RJ King	17 November 2014		**303,955**	53,955
RD Straker-Smith	24 May 2017		**—**	—
AA Roux	30 April 2018		**—**	—
GE Nutter	30 April 2018		**—**	—
MC Idiens [5]	31 October 2005	26 June 2018	**—**	2,741,607
DA Pelham [5]	01 April 2008	26 June 2018	**—**	25,052

1 — 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.
2 — 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.
3 — 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.
4 — 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.
5 — MC Idiens and DA Pelham resigned as Directors on 26 June 2018. The number of shares held on resignation was 2,741,607 and 25,052 respectively.

Directors' Report continued

The Directors' interests in the share options of the Company at 31 December 2018 were as follows:

	Options at 1 Jan 2018	Granted	Exercised	Options at 31 Dec 2018	Exercise price	Date of grant	First date of exercise	Final date of exercise
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	10/04/2019	10/04/2029
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	30/06/2018	30/06/2023
DE Betts	426,136	—	—	**426,136**	£0.01	30/09/2016	Note 1	—
DE Betts	426,137	—	—	**426,137**	£0.01	30/09/2016	Note 1	—
DE Betts	—	683,594	—	**683,594**	£0.01	30/04/2018	Note 1	—
DE Betts	—	341,797	—	**341,797**	£0.01	30/04/2018	Note 1	—
DE Betts	—	341,797	—	**341,797**	£0.01	30/04/2018	Note 1	—
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	10/04/2019	10/04/2029
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	30/06/2018	30/06/2023
TR Hill	340,909	—	—	**340,909**	£0.01	30/09/2016	Note 1	—
TR Hill	340,909	—	—	**340,909**	£0.01	30/09/2016	Note 1	—
TR Hill	—	439,844	—	**439,844**	£0.01	30/04/2018	Note 1	—
TR Hill	—	219,922	—	**219,922**	£0.01	30/04/2018	Note 1	—
TR Hill	—	219,922	—	**219,922**	£0.01	30/04/2018	Note 1	—
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
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
Total	5,799,181	2,246,876	(250,000)	**7,796,057**				

1 — the exercise dates are dependent on meeting certain vesting criteria (refer note 25).

Directors' remuneration

	Directors emoluments 2018 $'000	Directors emoluments 2017 $'000
DE Betts [1]	**486**	479
TR Hill	**329**	383
SA Betts	**65**	44
RJ King	**88**	47
RD Striker-Smith	**68**	28
GE Nutter [2]	**69**	—
AA Roux [2]	**94**	—
MC Idiens [3]	**31**	44
DA Pelham [3 & 4]	**30**	41
Total Directors' remuneration	**1,260**	1,066

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

1 — DE Betts is entitled to a contingent deferred bonus as disclosed in note 25.
2 — GE Nutter and AA Roux were appointed as Directors 30 April 2018.
3 — MC Idiens and DA Pelham resigned as Directors on 26 June 2018.
4 — 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.

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 2018 were equivalent to 56 (2017: 55) days' purchases, based on the average daily amount invoiced by suppliers during the year. Trade payables of the Company at 31 December 2018 were equivalent to 63 (2017: 63) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political donations
During the year the Company made charitable donations of $38,000 to the Pygmy Hippo Foundation (2017: $Nil). As disclosed in note 28 to the Consolidated Financial Statements, Pygmy Hippo Foundation is a related party of the Group because Daniel Betts and Thomas Hill are Directors of the Pygmy Hippo Foundation.

The Company did not make any payments to political parties during the year (2017: $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 Review 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.

Auditor
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.

Strategic Review
The Strategic Review is shown on pages 21 to 23.

Directors' Report and Strategic Review have been approved by the Board and signed on its behalf by:

DE Betts
Director
24 May 2019

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

Directors’ Responsibilities Statement

The Directors are responsible for preparing the Strategic Review, 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.

"Hummingbird is now focused on integrating the positive results seen in its exploration programme into its mine plan."

Komana Camp at Yanfolila, Mali

Independent Auditor's Report to Members of Hummingbird Resources PLC

For the year ended 31 December 2018

AUDITORS REPORT

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 2018 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statement of cash flows, the consolidated and parent company statement of changes in equity, 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 2018 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.

Material uncertainty related to going concern

We draw attention to the accounting policy on going concern in note 3 of the financial statements, which indicates that there is a risk that further funding will be required should anticipated levels of gold production not be achieved. As stated in the accounting policy on going concern, these events or conditions, along with the other matters set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company 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 group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Group key audit matters

Potential impairment of the Yanfolila mine Cash Generating Unit

As disclosed in note 4 and note 14, the Yanfolila mine cash generating unit (CGU) includes substantial property, plant and equipment totalling $140.4m. The lower than anticipated gold production in the second half of 2018 and the first quarter of 2019, together with the currently low Group market capitalisation, are potential indicators of impairment. Any recorded impairment charge would most likely have a material impact on the financial statements and we therefore considered this matter to be one of the matters of most significance in the current year.

Impairment testing requires management to compare the carrying amount of the CGUs attributable assets and liabilities with the higher of fair value less costs to sell and value in use. Where the carrying amount is higher than fair value or value in use then an impairment charge arises. Impairment testing involves a significant degree of judgement because management's determination of value in use is based on a number of assumptions including an assessment of future performance and the selection of an appropriate discount rate.

Management provided us with an impairment model for the Yanfolila CGU as detailed in note 4 that showed no impairment provision was necessary. We performed audit work on this model by:

- Assessing the appropriateness and application of the model used including consideration of the assumptions made about the discount rate and the expected future trading performance,
- Reviewing and considering the sensitivity analysis performed by management (which included a range of gold selling prices and the consequence of mining delays).

We discussed the forecasts, discount rate and sensitivity analysis with management and challenged key assumptions, requesting evidence where available to support management's conclusions.

Provision for rehabilitation of Yanfolila mine
As disclosed in note 4 and note 18, the group makes full provision for the future cost of rehabilitating the Yanfolila mine site and the recorded provision was $13.5m at 31 December 2018. Significant estimates and assumptions are made in determining the provision for mine rehabilitation and there are numerous factors that will affect the ultimate cost of rehabilitation. Given the high degree of estimation involved, and that this was the first full year of operation for Yanfolila, we considered this matter to be one of the most significant in the current year.

Management provided us with a mine closure plan and a financial cost estimate (together "the Model") supporting the recorded provision. We performed audit work on this Model by:

- Understanding the basis upon which management had prepared the Model and assessing the extent of their own internal expert involvement,
- Engaging our own expert to assist us in assessing the completeness of the Model and the overall reasonableness of the provision,
- Assessing the qualifications and expertise of our expert, considering their objectivity and any threats to their independence, and
- Assessing the appropriateness of the discount rate applied to the provision.

We discussed our findings with management and challenged them on constituent parts of the Model as we deemed appropriate.

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. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as $2,674,000, which was revised to $2,551,000 as the audit progressed. Materiality for the parent company financial statements as a whole was calculated as $1,186,000, which was revised to $1,070,000 as the audit progressed. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of $80,000, as well as differences below that threshold 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.

Independent Auditor's Report to Members of Hummingbird Resources PLC continued

For the year ended 31 December 2018

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

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 Review 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 set out on page 34, 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.

Use of our 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
LS1 4DL
24 May 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 $'000	2017 $'000
Continuing operations			
Revenue		**116,539**	—
Production costs		**(88,157)**	—
Amortisation and depreciation		**(19,881)**	—
Royalties and taxes		**(3,942)**	—
Cost of sales		**(111,980)**	—
Gross profit		**4,559**	—
Share based payments	25	**338**	(424)
Other administrative expenses	6	**(9,834)**	(6,351)
Operating loss		**(4,937)**	(6,775)
Finance income	9	**4,797**	6,514
Finance expense	9	**(9,119)**	(6,877)
Profit on disposal of subsidiaries	12	**—**	1,919
Share of associate loss	12	**(235)**	(117)
Share of joint venture loss	12	**(2)**	—
Impairment of associate	12	**(2,044)**	—
Reversals in impairment of financial assets	16	**88**	—
Losses on financial assets measured at fair value	16	**(198)**	—
Loss before tax		**(11,650)**	(5,336)
Tax	10	**(1,163)**	—
Loss for the year		**(12,813)**	(5,336)
Attributable to:			
Equity holders of the parent		**(10,250)**	(5,336)
Non-controlling interests		**(2,563)**	—
Loss for the year		**(12,813)**	(5,336)
Earnings per share (attributable to equity holders of the parent)			
Basic and diluted ($ cents)	11	**(2.93)**	(1.55)

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	2018 $'000	2017 $'000
Assets			
Non-current assets			
Intangible exploration and evaluation assets	13	**69,171**	63,249
Intangible assets software	13	**118**	163
Property, plant and equipment	14	**140,723**	129,954
Investment in associates and joint ventures	12	**1,528**	3,704
		211,540	197,070
Current assets			
Inventory	16	**13,807**	1,392
Trade and other receivables	16	**13,316**	15,135
Unrestricted cash and cash equivalents	16	**17,320**	36,210
Restricted cash and cash equivalents	16	**4,210**	4,410
		48,653	57,147
Total assets		**260,193**	254,217
Liabilities			
Non-current liabilities			
Borrowings	17	**40,819**	53,404
Provisions	18	**13,541**	—
Current liabilities			
Trade and other payables	20	**39,787**	28,422
Other financial liabilities	22	**15,319**	16,368
Borrowings	17	**20,112**	11,246
Total liabilities		**129,578**	109,440
Net assets		**130,615**	144,777
Equity			
Share capital	23	**5,271**	5,176
Share premium		**—**	148,930
Other reserves		**—**	2,000
Retained earnings		**124,117**	(15,500)
Equity attributable to equity holders of the parent		**129,388**	140,606
Non-controlling interest		**1,227**	4,171
Total equity		**130,615**	144,777

The financial statements of Hummingbird Resources PLC were approved by the Board of Directors and authorised for issue on 24 May 2019. 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 2018

	Notes	2018 $'000	2017 $'000
Net cash inflow / (outflow) from operating activities	**26**	**18,134**	(649)
Investing activities			
Purchases of intangible exploration and evaluation assets		**(5,922)**	(1,233)
Purchase of intangible assets		**—**	(185)
Purchases of property, plant and equipment		**(20,070)**	(56,368)
Purchase of shares in other companies		**(105)**	(741)
Loans provided net of issue costs		**(2,000)**	—
Interest received		**181**	320
Net cash used in investing activities		**(27,916)**	(58,207)
Financing activities			
Exercise of warrants		**36**	434
Loan interest paid		**(5,871)**	(3,955)
Loans repaid		**(10,911)**	(15,000)
Loans received net of issue costs		**9,168**	57,980
Net cash (used in) / from financing activities		**(7,578)**	39,459
Net decrease in cash and cash equivalents		**(17,360)**	(19,397)
Effect of foreign exchange rate changes		**(1,730)**	6,178
Cash and cash equivalents at beginning of year		**40,620**	53,839
Cash and cash equivalents at end of year		**21,530**	40,620

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	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
As at 31 December 2016	**5,156**	**148,516**	**—**	**(17,262)**	**136,410**	**—**	**136,410**
Comprehensive loss for the year:							
Loss for the year	—	—	—	(5,336)	**(5,336)**	—	**(5,336)**
Total comprehensive loss for the year	**—**	**—**	**—**	**(5,336)**	**(5,336)**	**—**	**(5,336)**
Transactions with owners in their capacity as owners:							
Acquisition of minority interests (note 23)	—	—	2,000	(1,000)	**1,000**	—	**1,000**
Disposal of minority interest (note 16)	—	—	—	6,678	**6,678**	4,171	**10,849**
Exercise of warrants	20	414	—	—	**434**	—	**434**
Total transactions with owners in their capacity as owners	**20**	**414**	**2,000**	**5,678**	**8,112**	**4,171**	**12,283**
Share based payments	—	—	—	1,420	**1,420**	—	**1,420**
As at 31 December 2017	**5,176**	**148,930**	**2,000**	**(15,500)**	**140,606**	**4,171**	**144,777**
Aggregate adjustments on adoption of IFRS 9	—	—	—	(1,522)	(1,522)	(381)	(1,903)
Balance at 1 January 2018 as restated	**5,176**	**148,930**	**2,000**	**(17,022)**	**139,084**	**3,790**	**142,874**
Comprehensive loss for the year:							
Loss for the year	—	—	—	(10,250)	(10,250)	(2,563)	(12,813)
Total comprehensive loss for the year	**—**	**—**	**—**	**(10,250)**	**(10,250)**	**(2,563)**	**(12,813)**
Transactions with owners in their capacity as owners:							
Acquisition of minority interests (note 23)	84	1,916	(2,000)	—	—	—	—
Exercise of warrants	11	25	—	—	36	—	36
Total transactions with owners in their capacity as owners	**95**	**1,941**	**(2,000)**	**—**	**36**	**—**	**36**
Share based payments	—	—	—	518	518	—	518
Cancellation of share premium [1]	—	(150,871)	—	150,871	—	—	—
As at 31 December 2018	**5,271**	**—**	**—**	**124,117**	**129,388**	**1,227**	**130,615**

1 — On 25 September 2018 the Company received court approval for the cancellation of the Company's share premium. The cancellation has the effect of creating distributable reserves.

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 distributable reserves.

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 31st December 2018

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 currently 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 2017. With the exception of IFRS 9 (outlined below), the following standards have been adopted in the year with no material impact on the financial statements of the Company or the Group.

IFRS 2	(effective 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
IFRIC 22	(effective 1 January 2018)	Foreign Currency Transactions and Advance Consideration

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 16	(effective 1 January 2019)	Leases
IFRS 17	(effective 1 January 2021)	Insurance contracts
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. Having completed an assessment of the gold sale contract, management adopted the standard effective of 1 January 2018. There was no revenue from contracts with customers in the prior year, and consequently no impact on adoption. 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, management has initiated an impact assessment in respect of IFRS 16 and while it is expected that on adoption the impact to be material, further work is required before this can be quantified.

Initial application of IFRS 9 'Financial Instruments' (IFRS 9)

IFRS 9 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.

The Group has applied IFRS 9 for the first time in the year ended 31 December 2018.

As a result of the adoption of IFRS 9 the Group has adopted consequential changes to IAS 1 *Presentation of financial statements*. In addition, the Group has applied the consequential amendments to IFRS 7 *Financial Instruments*: Disclosure to the current period only. Comparatives have not been restated as the cumulative catch-up approach has been applied. Any adjustments arising on transition to IFRS 9 are recognised in opening equity. Therefore, information presented for 2017 does not reflect the requirements of IFRS 9 and is not comparable with the information presented for the year ended 31 December 2018.

Notes to the Consolidated Financial Statements continued

For the year ended 31st December 2018

All the Group's financial assets at 1 January 2018 were previously classified as loans and receivables under IAS 39 and are now classified as assets at amortised cost under IFRS 9.

The only change in measurement of financial assets on application of IFRS 9 arises from impairment of financial assets. IFRS 9 requires impairments of financial assets to be assessed using an 'expected loss' model. The change from the 'incurred loss' model previously applied under IAS 39 resulted in an additional impairment loss of $1,903,000 recognised at 1 January 2018 (note 27).

The financial impact of applying IFRS 9 is set out below:

	IAS 39 Loans and receivables $'000	IFRS 9 Financial assets at amortised cost $'000	Total $'000
Loss allowance at 1 January 2018 under IAS 39	—	—	—
Loss allowance on transition to IFRS 9	—	1,903	1,903
Loss allowance at 1 January 2018 under IFRS 9	**—**	**1,903**	**1,903**

	Total $'000
Net assets, as previously reported at 1 January 2018	**144,777**
Loss allowance on transition to IFRS 9	**(1,903)**
Net assets, as restated at 1 January 2018	**142,874**

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 $1.2690 (2017: $1.3491).

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Finance Review on pages 15 to 20. At 31 December 2018, the Group had cash and cash equivalents of $17.3 million and total borrowings of $60.9 million. Details on the Group's borrowings are set out in note 17 to the financial statements.

The Group has prepared cash flow forecasts based on estimates of key variables including production, gold price, operating costs, capital expenditure through to December 2020 that supports the conclusion of the Directors that they expect sufficient funding to be available to meet the Group's anticipated cash flow requirements to this date. In completing this assessment, the Directors have assumed that an overdraft facility of $10m provided by Coris Bank and due to expire in December 2019 will be renewed until at least June 2020.

These cashflow forecasts are subject to a number of risks and uncertainties, in particular the ability of the Group to achieve the planned levels of production.

In the Q1 2019 production levels were adversely impacted through a combination of lower than expected plant throughput and grades processed. The plant throughput was reduced due to limited availability of softer oxide ore to blend with the harder fresh ore as well as plant availability, which the Group is actively taking steps to address. The lower grades and availability of oxide ore were due to a combination of factors, including delays in accessing certain areas of the orebodies, artisanal mining depletion being deeper and more extensive than estimated in the reserve model (the impact of which is expected to reduce significantly as the pits progress deeper), and partially as a result of the recent focus on rehabilitation and mining volumes it appears that unnecessary mining dilution and ore loss has been suffered which the Group is in the process of addressing through additional procedures and geological checks. The initial results of these changes are encouraging, however until such a time as there are sustained results, there remains a risk that the Group may not achieve sufficient production levels.

The Board have considered sensitivities and cash flow scenarios (including where production is lower than forecast) which in some cases would require additional funding. Should this situation arise, the Directors believe that they have a number of options available to them, such as deferring certain expenditures and/or obtaining additional funding, which would allow the

Group to meet its cash flow requirements through this period, however there remains a risk that should such additional funding be required the Group may not be able to obtain it in the necessary timeframe.

Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

Should the Group be unable to achieve the required levels of production and associated cashflows, defer expenditures or obtain additional funding such that the going concern basis of preparation were no longer appropriate, adjustment would be required including the reduction of balance sheet asset values to their recoverable amounts and to provide for future liabilities should they arise.

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 2018. 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 during the period are included in the consolidated statement of comprehensive income 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 subsidiary's 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
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint ventures
Joint ventures are entities or arrangements where the Group has joint control . Investments in Joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

Equity method
When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 12.

Changes in ownership interests
When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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.

Notes to the Consolidated Financial Statements continued

For the year ended 31st December 2018

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 statement of comprehensive income 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 reporting 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 reporting 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 statement of comprehensive income, 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.

Revenue

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of gold

Revenue from gold sales is recognised when the customer has accepted delivery of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts. Consideration is paid by the customer once the customer has accepted delivery.

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 reporting 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 statement of comprehensive income 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 statement of comprehensive income. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as Mine Development assets.

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

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

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 statement of comprehensive income as additional depreciation and amortisation, and separately disclosed.

The Group considers there to be two cost pools, being the whole of Liberia and whole of Mali, and therefore aggregates assets in respect of each 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 statement of comprehensive income 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 assets 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.

Property, plant and equipment are depreciated using the units of production method based on ounces produced, or the straight-line method over the estimated useful lives of the related assets using the following rates:

Mine development assets	units of production method
Mine closure assets	units of production method
Plant & equipment	units of production method
Infrastructure	10% – 33.3% per annum
Mobile & other equipment	10% – 33.3% per annum
Other	10% – 33.3% per annum

Under the units of production (UOP) method, estimated economically recoverable reserves are used in determining the depreciation and/or amortisation of mine development assets and plant. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mining interest at which the asset is located. The Group has adopted the total output method (i.e. ounces produced) as a basis for determining the UOP. Changes are accounted for prospectively.

Upon disposal or abandonment, the carrying amounts of property, plant and equipment and accumulated depreciation and depletion are removed from the accounts and any associated gains or losses are recorded in the statement of comprehensive income.

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Amounts incurred on assets under construction are capitalised until the asset becomes available for its intended use, at which time depreciation commences on the assets over its useful life. Repairs and maintenance of plant and equipment are expensed as incurred. Costs incurred to enhance the service potential of plant and equipment are capitalised and depreciated over the remaining useful life of the improved asset.

Impairment of property, plant and equipment
At each reporting 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 capitalised 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 recognised in profit or loss in the period in which they are incurred.

Inventory
Inventory consists of finished goods, work-in-process, stockpiled ore and consumables. Finished goods, work-in-process, and stockpiled ore are valued at the lower of average production costs and net realisable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses, depreciation and depletion of mining interests. Consumables are valued at the lower of average cost and net realisable value. Cost includes acquisition, freight and other directly attributable costs.

Net realisable value is calculated as the estimated sale price (based on prevailing market rates) less estimated future production costs to convert the inventories into saleable form. When inventories have been written down to net realisable value, a new assessment of net realisable value is made in each subsequent period. When the circumstances that caused the write down no longer exist, the amount of the write down is reversed.

Financial instruments
Recognition of financial assets and financial liabilities
Financial assets and financial liabilities are recognised on the Group's statement of financial position 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.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost through other profit or loss. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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
The Group records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and revegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the mining production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development/construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognised as part of an asset measured in accordance with *IAS 16 Property, Plant and Equipment*.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

Contingent liabilities
Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group. An example is litigation against the Group when it is uncertain whether the Group has committed an act of wrongdoing and when it is not probable that settlement will be needed.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the Group has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

Unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes to the financial statements.

Warrants
Due to the exercise price of the warrants being in a different currency to the functional currency to the Company, 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.

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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. Following commencement of commercial production, the Group is 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
The Group records and measures borrowings at amortised cost, 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 Payments* 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 reporting date with any changes in fair value being recognised in the statement of comprehensive income.

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, development and exploitation 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 statement of financial position, 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 statement of comprehensive income 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

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
Determination as to whether an exploration and evaluation (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 ("CGU)" and a suitable discount rate in order to calculate present value.

The Group considers there to be two cost pools, being the whole of Liberia and whole of Mali, and therefore aggregates assets in respect of each for the purposes of determining whether impairment of E&E assets has occurred.

Liberia
Having considered the recoverable amount of the Liberian CGU, with reference to the 2013 Preliminary Economic Assessment ('PEA') for the Group's Dugbe Gold Project in Liberia, no impairment loss was recognised for the year ended 31 December 2018.

Mali
Having considered the recoverable amount of the Malian CGU, with reference to the Group's latest budget and life of mine plan for the Group's Yanfolila Gold Mine in Mali (noted below), no impairment loss was recognised for the year ended 31 December 2018.

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

Recoverability of mine property, plant and equipment
Determination as to whether, and by how much, an asset or cash generating unit ("CGU") is impaired involves management estimates on highly uncertain matters such as; gold price, discount rates used in determining the estimated discounted cash flows of CGU, foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources that may be included in the determination of fair value less cost to dispose ("fair value"), future technological changes which could impact the cost of mining, and future legal changes (including changes to environmental restoration obligations). The costs to dispose are estimated by management based on prevailing market conditions.

When applicable, fair value is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU life of mine (LOM) plans. Consideration is also given to analysts valuations, and the market value of the Company's securities. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy (in accordance with International Financial Reporting Standards).

The principal CGU, to which mine property, plant and equipment relates is the Group's Yanfolila Gold Mine in Mali (operating segment). In determining the recoverable amount of CGU at 31 December 2018, future cash flows were discounted using rates based on the Group's estimated weighted average cost of capital. When it is considered appropriate to do so, an additional premium is applied with regard to the geographic location and nature of the CGU. LOM operating and capital cost assumptions are based on the Group's latest budget and LOM plan.

The table below summarises the key assumptions used in the carrying value assessments:

Gold price ($ per ounce):	2018: $1,150 – $1,250 2017: N/A	Commodity price and foreign exchange rates were estimated with reference to external market forecasts. The rates applied to the valuation had regard to observable market data.
Discount rate % (post tax):	2018: 18.5% – 23.5% 2017: N/A	In determining the fair value of CGU, the future cash flows were discounted using rates based on the Group's estimated real weighted average cost of capital, with an additional premium applied having regard to the geographic location of the CGU and Company size.
Operating and capital costs:	Life-of-mine operating and capital cost assumptions are based on the Group's latest budget and life of mine plan.	

Having considered the recoverable amount of the CGU, no impairment loss was recognised for the year ended 31 December 2018. As always, there is a possibility that changes in circumstances will alter these projections, which may impact on the recoverable amount of the assets.

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For the year ended 31st December 2018

Recoverability of other receivables and impairment of financial assets
Government of Mali
Included in other receivables is an amount of CFA 6,624,517,000 $10,768,000 (2017: $10,955,000), due from the Government of Mali, arising on 2 February 2017 when the Government of Mali exercised its right to acquire an additional 10% of Societe Des Mines De Komana SA (taking its total interest in Societe Des Mines De Komana SA to 20%). The Group remains 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 Group consider the receivable to be 'credit-impaired' as it remains unpaid more than 1 year since the Government of Mali exercised its right. Having considered multiple scenarios on the manner, timing, quantum and probability of recovery on the receivable, the Group recognised a lifetime expected credit loss of $1,903,000 on adoption of IFRS 9 'Financial Instruments' (taken directly to opening retained earnings). Following a weakening of CFA against USD, the assessment of lifetime expected credit loss was revised to $1,815,000 as at 31 December 2018. The allowance for lifetime expected credit losses assessment requires a significant degree of estimation and judgement.

Deferred tax assets
In assessing the probability of realising 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 Group'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 recognised. At the end of each reporting period, the Group reassesses unrecognised and recognised income tax assets, and there is the possibility that a change in circumstances may impact on the recoverability of the relevant deferred tax asset.

Rehabilitation provision
The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates (2%) and changes in discount rates (2%). These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

5. SEGMENTAL ANALYSIS

Statement of comprehensive income
Year ended 31 December 2018

	Mali S'000	Liberia $'000	Corporate $'000	Total $'000
Revenue	116,310	—	229	**116,539**
Cost of sales	(111,609)	—	(371)	**(111,980)**
Gross profit	**4,701**	**—**	**(142)**	**4,559**
Share based payments	—	—	338	**338**
Other administrative expenses	(2,410)	(24)	(7,400)	**(10,975)**
Operating loss	**2,291**	**(24)**	**(7,204)**	**(4,937)**
Finance income	3,583	—	1,214	**4,797**
Finance expense	(8,588)	(1)	(530)	**(9,119)**
Share of associate loss	—	—	(235)	**(235)**
Share of joint venture loss	—	—	(2)	**(2)**
Impairment of associate		—	(2,044)	**(2,044)**
Reversals in impairment of financial assets	88	—		**88**
Loss on financial assets measured at fair value			(198)	**(198)**
Loss before tax	**(2,626)**	**(25)**	**(8,999)**	**(11,650)**
Tax	(1,163)	—	—	**(1,163)**
Loss after tax	**(3,789)**	**(25)**	**(8,999)**	**(12,813)**

Statement of financial position
Year ended 31 December 2018

	Mali $'000	Liberia $'000	Corporate $'000	Total $'000
Segment assets	187,909	61,866	10,418	**260,193**
Segment liabilities	(109,270)	(15,272)	(5,036)	**(129,578)**
Segment net assets	78,639	46,594	5,382	**130,615**

Statement of comprehensive income
Year ended 31 December 2017

	Mali S'000	Liberia $'000	Corporate $'000	Total $'000
Share based payments	—	—	(424)	**(424)**
Other administrative expenses	(1,081)	(33)	(5,303)	**(6,361)**
Operating loss	**(1,081)**	**(33)**	**(5,727)**	**(6,775)**
Finance income	5,142	—	1,372	**6,514**
Finance expense	(6,019)	—	(858)	**(6,877)**
Profit on disposal of subsidiaries	1,919	—	—	**1,919**
Share of associate loss	—	—	(117)	**(117)**
Loss before tax	**(39)**	**33**	**(5,330)**	**(5,336)**
Tax	—	—	—	**—**
Loss after tax	**(39)**	**33**	**(5,330)**	**(5,336)**

Statement of financial position
Year ended 31 December 2017

	Mali S'000	Liberia $'000	Corporate $'000	Total $'000
Segment assets	174,429	61,102	18,686	**254,217**
Segment liabilities	(87,270)	(15,192)	(6,978)	**(109,440)**
Segment net assets	**87,159**	**45,910**	**11,708**	**144,777**

Non-current assets for the year ending 31 December 2018

	Mali $'000	Liberia $'000	Corporate $'000	Total $'000
Intangible exploration and evaluation assets	7,396	61,775	—	**69,171**
Intangible assets software	118	—	—	**118**
Property, plant and equipment	140,438	—	285	**140,723**
Investment in associates	—	—	1,425	**1,425**
Investment in joint ventures	—	—	103	**103**
Segment non-current assets	**147,952**	**61,775**	**1,813**	**211,540**

Non-current assets for the year ending 31 December 2017

	Mali $'000	Liberia $'000	Corporate $'000	Total $'000
Intangible exploration and evaluation assets	2,245	61,004	—	**63,249**
Intangible assets software	163	—	—	**163**
Property, plant and equipment	129,659	—	295	**129,954**
Investment in associates	—	—	3,704	**3,704**
Segment non-current assets	**132,067**	**61,004**	**3,999**	**197,070**

Geographic information
During the year the Group had one operating segment, based in Mali. Revenues in connection with the operating segment totalled $116,310,000 and were derived from a single external customer. The Group is not economically dependent on the customer, as gold can be sold through numerous commodity market traders worldwide.

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Additionally, during the year (via its UK head office) the Group commended sale of Single Mine Origin ("SMO") gold and gold investment coins. Revenues of $229,000 were derived from a single related customer (note 28).

Revenues from customers are based on the locations of the customers.

	Location	2018 $'000	2017 $'000
Gold grain	USA	116,310	—
SMO gold and gold investment coins	UK	229	—
Total revenue from customers		116,539	—

6. ADMINISTRATIVE EXPENSES BY NATURE

	2018 $'000	2017 $'000
Other income	(203)	(98)
Audit fees, including fees paid to subsidiary auditors (note 7)	145	60
Non-audit fees, including fees paid to subsidiary advisors (note 7)	18	17
Bank charges	25	3
Communications and IT	176	121
Charitable donations	38	—
Depreciation of property, plant and equipment (note 14)	124	10
Insurance	208	159
Marketing	656	208
Office expenses	344	123
Other taxes	520	—
Professional and consultancy	2,946	2,574
Rent under operating leases	145	134
Staff costs excluding share-based payments and employers NI accrual on share options	3,661	2,210
Travel and accommodation	528	300
Share based payments	(338)	424
(Release)/charge of employers NI accrual on share options	(152)	153
Net foreign exchange losses	655	377
	9,496	6,775

7. AUDITOR'S REMUNERATION

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

	2018 $'000	2017 $'000
Audit fees		
Fees payable to the Company's auditor for the audit of the annual accounts	108	39
Fees payable to the Company's auditors for the audit of certain subsidiaries	6	8
Total audit fees	114	47
Non-audit fees payable to associates of the Company's auditor		
Taxation compliance	8	8
Taxation advice	6	9
Total non-audit fees	14	17

8. STAFF COSTS

The average monthly number of employees and directors was:

	2018 Number	2017 Number
Directors	**7**	7
Other employees	**230**	102
	237	109

	2018 $'000	2017 $'000
Their aggregate remuneration comprised:		
Wages and salaries	**8,773**	6,403
Social security costs	**1,560**	1,056
Pensions	**115**	97
(Release)/charge for share based payments	**(32)**	1,844
(Release)/charge for potential social security costs related to share based payments	**(106)**	361
	10,310	9,761

Within wages and salaries, $1,403,000 (2017: $1,281,000) relates to remuneration payable to directors, included within share based payments is a net release from accruals of $338,000 (2017: net charge to accruals $424,000) under cash-settled share based payment scheme payable to directors, and within pensions is $68,000 (2017: $59,000) relating to pension contributions in respect of directors.

The total remuneration of the highest paid director is $486,000 (2017: $479,000) comprising $447,000 (2017: $444,000) in relation to wages and salaries and pension contributions of $39,000 (2017: $35,000).

The number of directors to whom benefits are accruing under defined contribution pension schemes is 2 (2017: 2).

Included within staff costs is $839,000 (2017: $258,000) capitalised to intangible exploration and evaluation assets and $930,000 (2017: $6,797,000) capitalised in to Mine Development assets.

9. FINANCE INCOME AND EXPENSE

Finance income

	2018 $'000	2017 $'000
Interest on bank deposits	**250**	336
Foreign exchange gain	**3,498**	6,178
Gain on revaluation of warrants (note 24)	**1,049**	—
	4,797	6,514

Finance expense

	2018 $'000	2017 $'000
Interest on borrowings	**6,370**	—
Amortisation of borrowing costs (note 17)	**913**	—
Unwinding of discount on rehabilitation provision	**312**	—
Foreign exchange loss	**1,524**	6,019
Loss on revaluation of warrants (note 24)	**—**	858
	9,119	6,877

Foreign exchange gains and losses arose on non-functional currency bank deposits and foreign currency loans.

Notes to the Consolidated Financial Statements continued

For the year ended 31st December 2018

10. TAX

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

	2018 $'000	2017 $'000
Loss before tax	**(11,650)**	(5,336)
Tax credit at the rate of tax 30.00% (2017: 19.25%)	**(3,495)**	(1,027)
Tax effect of non-deductible expenses	**11**	3
Origination and reversal of temporary differences	**(6,167)**	191
Deferred tax asset not recognised	**9,651**	833
Minimum tax pursuant to mining convention	**1,163**	—
Tax expense for the year	**1,163**	—

During the year ended 31 December 2018, the Group's primary tax rate was aligned with its operations in Mali of 30%. The taxation of the Group's operations in Mali are aligned to the mining convention (Mining Code of Mali 1999) under which tax is charged at an amount not less than 1% of turnover and not more than 30% of taxable profits.

During the year ended 31 December 2017, the Group's primary tax rate was aligned with the Company's tax rate of 19.25% (the UK corporate tax rate changed from 20% to 19% on 1 April 2017).

11. LOSS PER ORDINARY SHARE

Basic loss per ordinary share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

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

	2018 $'000	2017 $'000
Losses		
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent	**(10,250)**	(5,336)

Number of shares

	2018 Number	2017 Number
Weighted average number of ordinary shares for the purposes of basic loss per share	**349,510,437**	343,566,800

Loss per ordinary share

	2018 $ cents	2017 $ cents
Basic and diluted	**(2.93)**	(1.55)

At the reporting date there were 25,029,585 (2017: 20,515,061) 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. At 31 December 2018 the potential ordinary shares are anti-dilutive and therefore there is no difference between basic and diluted loss per share.

12. ASSOCIATES AND JOINT VENTURES

Name of entity

	Place of business/country of incorporation	% of ownership interest 2018 $	% of ownership interest 2017 %	Nature of relationship	Measurement method	Quoted fair value 2018 $'000	Quoted fair value 2017 $'000
Cora Gold Limited	British Virgin Islands	**28.18%**	33.85%	Associate [1]	Equity method	**1,425**	3,013
Betts Investments Limited	United Kingdom	**19.36%**	—	Joint venture [2]	Equity method	**—***	—*

1 — 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.

2 — Betts Investments Limited ("BIL") has been established for the marketing of gold and other precious metals investment products.

* Private entity – no quoted price available.

Investments in associates & joint ventures:

	Cora Gold Limited 2018 $'000	Cora Gold Limited 2017 $'000	Betts Investments Limited 2018 $'000	Betts Investments Limited 2017 $'000
Opening carrying value	**3,704**	—	**—**	—
Acquisition at cost	**—**	3,821	**105**	—
Share of loss	**(235)**	(117)	**(2)**	—
Provision for impairment	**(2,044)**	—	**—**	—
Closing carrying value	**1,425**	3,704	**103**	—

Investments in associates & joint ventures as at 31 December 2018 totalled $1,528,000 (2017: $3,704,000).

Summarised financial statement information (100% share) of associates and joint ventures, based on their financial statements, and a reconciliation with the carrying amount of the investment in the Group's consolidated financial statements, are set out below:

Summarised statement of comprehensive income:

	Cora Gold Limited 2018 $'000	Cora Gold Limited 2017 $'000	Betts Investments Limited 2018 $'000	Betts Investments Limited 2017 $'000
Profit/(loss) before income tax	**(833)**	(346)	**(11)**	—
Income tax expense	**—**	—	**—**	—
Profit/(loss) for the year	**(833)**	(346)	**(11)**	—
Group's % ownership	**28.18%**	33.85%	**19.36%**	—
Group's share of loss	**(235)**	(117)	**(2)**	—

Summarised statement of financial position:

	Cora Gold Limited 2018 $'000	Cora Gold Limited 2017 $'000	Betts Investments Limited 2018 $'000	Betts Investments Limited 2017 $'000
Non-current assets	**9,814**	7,342	**13**	—
Current assets	**927**	3,530	**72**	—
Current liabilities	**(192)**	(171)	**(1)**	—
Net assets	**10,549**	10,701	**85**	—
Group's % ownership	**28.18%**	33.85%	**19.36%**	—
Group's share of net assets	**2,973**	3,622	**16**	—

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Reconciliation to carrying amounts:

	Cora Gold Limited		Betts Investments Limited	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Group's share of net assets (as shown above)	**2,973**	3,622	**16**	—
Goodwill	**—**	82	**87**	—
Provision for impairment	**(1,548)**	—	**—**	—
Closing carrying value	**1,425**	3,704	**103**	—

Cora Gold Limited ("Cora")

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 Mali SARL ("SKR"), to Cora Gold Limited ("Cora") in exchange for a 50% shareholding in Cora. Accordingly, during the year ended 31 December 2017 the Group recognised a profit on disposal of subsidiary totalling $1,919,000.

As a result of a weakening in the Cora's share price during the year to $0.08 (£0.06) from, $0.16 (£0.12) at 31 December 2017, the Group recognised an impairment charge of $2,044,000. The impairment is comprised of a permanent diminution in value of $497,000 relating to dilutions in ownership, and a further provision for impairment of $1,548,000 at the reporting date.

The carrying value of $1,425,000 (£1,117,000) approximates the investments fair value at 31 December 2018.

Betts Investments Limited ("BIL")

On 23 May 2018 the Group 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.

Under the JV Agreement, the Group invested $105,000 (£75,000) for a 19.36% interest in BIL, with the option to increase its stake to 49% for a further investment of £75,000. The Group has agreed to sell Hummingbird gold investment coins to SBS to fulfil orders placed by customers via BIL. Additionally, the Group 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.

13. INTANGIBLE ASSETS

Intangible exploration and evaluation assets

	Liberia $'000	Mali $'000	Total $'000
Cost			
At 31 December 2016	**60,537**	**2,600**	**63,137**
Additions for the year	467	800	1,267
Discontinued operations	—	(1,155)	(1,155)
At 31 December 2017	**61,004**	**2,245**	**63,249**
Additions for the year	771	5,151	5,922
At 31 December 2018	**61,775**	**7,396**	**69,171**

Exploration in Liberia is undertaken by Hummingbird Resources (Liberia) Inc, a wholly owned subsidiary. The intangible exploration and evaluation assets in respect of Liberia principally relate to the Dugbe Gold Project ("Dugbe"). As announced on 1 May 2019 (note 31), the Group has signed a 25-year renewable Mineral Development Agreement ("MDA") with the with the Government of Liberia ("GoL"), covering a land package of approximately 2,000km^2, which includes the Group's 4.2Moz Dugbe Project. In accordance with the MDA, the GoL will be granted a 10% free carried interest in Hummingbird Resources (Liberia) Inc.

Intangible exploration and evaluation assets in respect of Mali principally relate to the Yanfolila Gold Project. Exploration licences in Mali provide the Government with the right to a 10% free carried interest and the right to buy a further 10% interest.

Intangible software assets

	Total $'000
Cost	
At 31 December 2016	—
Additions	185
At 31 December 2017	**185**
Disposals	(9)
At 31 December 2018	**176**
Accumulated amortisation	
At 31 December 2016	—
Charge for the year	22
At 31 December 2017	**22**
Charge for the year	36
At 31 December 2018	**58**
Carrying amount	
At 31 December 2017	**163**
At 31 December 2018	**118**

Intangible software assets include software purchased for the operations of the mine.

14. PROPERTY, PLANT AND EQUIPMENT

	Mine Development [1] $'000	Mine Closure [1] $'000	Plant & Equipment [1] $'000	Infrastructure [2] $'000	Mobile & Other Equipment [2] $'000	Assets Under Construction [2] $'000	Other [2] $'000	Total PPE $'000
Cost								
At 31 December 2016	**47,032**	**—**	**737**	**883**	**2,405**	**4,712**	**549**	**56,318**
Additions	41,588	—	39	60	117	36,950	293	79,047
Disposals	—	—	—	—	—	—	(42)	(42)
At 31 December 2017	**88,620**	**—**	**776**	**943**	**2,522**	**41,662**	**801**	**135,323**
Additions	1,945	13,229	—	—	—	18,941	114	34,229
Transfers of finished PPE	2,948	—	33,373	16,566	59	(52,937)	—	9
Transfers to inventory	(3,500)	—	—	—	—	—	—	(3,500)
At 31 December 2018	**90,013**	**13,229**	**34,149**	**17,509**	**2,581**	**7,666**	**915**	**166,062**
Accumulated depreciation								
At 31 December 2016	**1,060**	**—**	**644**	**727**	**2,260**	**—**	**537**	**5,228**
Charge for the year	—	—	49	54	70	—	10	183
Disposals	—	—	—	—	—	—	(42)	(42)
At 31 December 2017	**1,060**	**—**	**693**	**781**	**2,330**	**—**	**505**	**5,369**
Charge for the year	12,089	1,801	3,921	1,977	58	—	124	19,970
At 31 December 2018	**13,149**	**1,801**	**4,614**	**2,758**	**2,388**	**—**	**629**	**25,339**
Carrying amount								
At 31 December 2017	**87,560**	**—**	**83**	**162**	**192**	**41,662**	**295**	**129,954**
At 31 December 2018	**76,864**	**11,428**	**29,535**	**14,751**	**193**	**7,666**	**286**	**140,723**

1 — Units of Production("UoP") method of depreciation
2 — Straight line ("SL") method of depreciation

Categories of property, plant and equipment for the year ended 31 December 2017 have been reclassified in order to match a broader set of categories identified during preparation of the consolidated financial statements for 31 December 2018. Total PPE for the year ended 31 December 2017 remained unchanged.

In respect of the year ended 31 December 2017, additions to Mine Development assets include capitalised borrowing costs of $5,012,000, being $4,112,000 of loan interest and $900,000 of amortised borrowing costs (note17).

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15. SUBSIDIARIES

The Company had investments in the following subsidiary undertakings as at 31 December 2018:

Name	Country of incorporation and operation	Proportion of voting interest %	Activity
Directly held			
Trochilidae Resources Limited Falcon Cliff,Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding & service company
Hummingbird Resources (Liberia) Inc. Hummingbird House, Sophie Area, Congo Town, Monrovia, Liberia	Liberia	100	Exploration & development
Afro Minerals Inc. Hummingbird House, Sophie Area, Congo Town, Monrovia, Liberia	Liberia	80	Dormant
Golden Grebe Mining Limited 46-63 Spencer Street, Hockley, Birmingham, England BD18 6DE, UK	United Kingdom	100	Intermediate holding company
Indirectly held			
Deveton Mining Company Hummingbird House, Sophie Area, Congo Town, Monrovia, Liberia	Liberia	80	Dormant
Sinoe Exploration Limited Warren & Carrey Street Intersection, Congo Town, Monrovia, Liberia	Liberia	90	Exploration
Hummingbird Security Limited Hummingbird House, Sophie Area, Congo Town, Monrovia, Liberia	Liberia	100	Security
Glencar Mining PLC 10 Earlsfort Terrace, Dublin 2, DO2 T380, Ireland	Ireland	100	Intermediate holding company
Centrebind Agency Limited 17 GR.Xenopolou, 3106 Limasol, Cyprus	Cyprus	100	Intermediate holding company
Glencar International (BVI) Limited Craigmuirr Chambers, Road Town, Tortola, BVI	British Virgin Islands	100	Intermediate holding company
Glencar Mali SARL Sebenikoro Villa Fatoumata Bangoura Cissoko, Lot B11 Commune iv, Bamako, Mali	Mali	100	Exploration
Société des Mines de Komana SA [1] Sebenikoro Villa Fatoumata Bangoura Cissoko, Lot B11 Commune iv, Bamako, Mali	Mali	80	Development & Mining
Sunangel Resources Limited Falcon Cliff,Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding company
Sunangel Resources SARL 09 BP 399 Ouagadougou 09, Burkina Faso	Burkina Faso	100	Exploration
Yanfolila Mining Limited Falcon Cliff,Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding company
Yanfolila Finance Limited Falcon Cliff,Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Finance company
Yanfolila Holdings Limited Falcon Cliff,Palace Road, Douglas, Isle of Man, IM2 4LB	Isle of Man	100	Intermediate holding company

1 — On 2 February 2017 the Government of Mali exercised its right to participate in the Yanfolila project by acquiring in the subsidiary;

i) a 10% free carried interest (pursuant to the applicable mining law); and
ii) a 10% additional interest (for agreed consideration). The Group remains in discussions with the Government of Mali as to the timing and mechanism of payment for the additional interest. The relevant shares will not be issued until the payment mechanism has been agreed.

The Government of Mali's participation interest is considered a non-controlling interest, being a change in the ownership of a subsidiary that does not result in a change in control.

Additionally, as at 31 December 2018 the Group had a 28.18% investment in Cora Gold Limited and 19.36% investment in Betts Investments Limited (note 12).

Non-controlling interests
Société des Mines de Komana SA in which the NCI is 20%.

Movement in NCI during the year are as follows:

	Total $'000
At 31 December 2016	**—**
10% free carried interest	—
10% additional interest (note16)	4,171
At 31 December 2017	**4,171**
Loss attributable to NCI (on adoption of IFRS 9)	(381)
Loss attributable to NCI	(2,563)
31 December 2018	**1,227**

Summarised financial information of the subsidiary, prior to elimination of intra-group items is set out below:

	2018 $'000	2017 $'000
Non-current assets	**188,263**	179,458
Current assets	**33,400**	36,172
Current liabilities	**(32,532)**	(21,891)
Non-current liabilities	**(74,472)**	(64,650)
	114,659	129,089

	2018 $'000	2017 $'000
Loss after tax	**(2,365)**	(1,627)
	(2,365)	(1,627)

16. CURRENT ASSETS

Inventory

	2018 $'000	2017 $'000
Finished gold	**4,565**	—
Gold in process	**5,655**	—
Stockpiled ore	**1,779**	—
Consumables	**1,808**	1,392
	13,807	1,392

At 31 December 2018, inventory included a provision of $4,916,000 to adjust finished gold and gold in process inventory to net realisable value (2017: $Nil), being a provision of $676,000 and $4,240,000 respectively.

Cost of inventories of $73,862,000 were recognised within production costs during the year.

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Trade and other receivables

	2018 $'000	2017 $'000
Other receivables	**13,347**	14,107
Less: Allowance for expected credit losses	**(2,013)**	—
Net other receivables	**11,334**	14,107
Prepayments and accrued income	**1,298**	552
VAT recoverable	**684**	476
	13,316	15,135

Government of Mali

Included in other receivables is an amount of CFA 6,624,517,000, $10,768,000 (2017: $10,955,000), due from the Government of Mali, arising on 2 February 2017 when the Government of Mali exercised its right to acquire an additional 10% of Societe Des Mines De Komana SA (taking its total interest in Societe Des Mines De Komana SA to 20%). The Group remains 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.

Having considered multiple scenarios on the manner, timing, quantum and probability of recovery on the receivable, the Group recognised a lifetime expected credit loss of $1,903,000 on adoption of IFRS 9 'Financial Instruments' (taken directly to opening retained earnings). Following a weakening of CFA against USD, the assessment of lifetime expected credit loss was revised to $1,815,000 as at 31 December 2018.

Refer to note 27 for a reconciliation of lifetime expected credit losses.

Bunker Hill Mining Corp

Included in other receivables is an amount of $2,101,000, due from Bunker Hill Mining Corp ("Bunker Hill"), a Canadian listed exploration and development company, arising when the Company entered into an arm's length convertible loan arrangement, advancing $1,500,000 and $500,000 on 18 June 2018 and 9 August 2018 respectively. The loan is repayable one year from the date of advance and attracts interest of 10% p.a. calculated daily from date of advance until repayment or conversion.

As at 31 December 2018, management assessed the fair value of the conversion element in light of a weakening in Bunker Hills listed share price. Consequently, a loss on revaluation to fair value of $198,000 was recognised in the statement of comprehensive income.

The Directors consider that the carrying amount of these assets approximates their fair value.

Cash and cash equivalents

Cash and cash equivalents as at 31 December 2018 of $17,320,000 (2017: $36,210,000) comprise cash held by the Group.

Restricted cash and cash equivalents

Restricted cash and cash equivalents of $4,210,000 (2017: $4,410,000), is cash held in an escrow account as part of the security for the Coris Bank loan (note 17).

Net debt reconciliation

	At 1 January 2018 $'000	Cash flow $'000	Foreign Exchange Movement $'000	Amortisation of issue costs $'000	At 31 December 2018 $'000
Unrestricted cash	**36,210**	(17,360)	(1,530)	—	**17,320**
Restricted cash	**4,410**	—	(200)	—	**4,210**
Total cash & cash equivalents	**40,620**	**(17,360)**	**(1,730)**	**—**	**21,530**
Borrowings (note 17)	**(64,650)**	1,742	2,889	(912)	**(60,931)**
Net debt	**(24,030)**	**(15,618)**	**1,159**	**(912)**	**(39,401)**

17. BORROWINGS

	Coris Senior Loan Facility $'000	Coris Second Ball Mill Facility $'000	Total Borrowings $'000
At 1 January 2018	64,650	—	64,650
Received during the year	—	9,600	9,600
Issue costs capitalised in the year	—	(432)	(432)
Issue costs amortised in the year	912	—	912
Interest charged during the year	5,871	—	5,871
Principal & interest repayments during the year	(16,781)	—	(16,781)
Foreign exchange gain during the year	(2,889)	—	(2,889)
Total borrowings at 31 December 2018	**51,763**	**9,168**	**60,931**
Payable within one year included under current liabilities	**19,584**	**528**	**20,112**
Payable after one year included under non-current liabilities	**32,179**	**8,640**	**40,819**

Coris Senior Loan Facility

On 11 April 2017, the Group's subsidiary, Société des Mines de Komana SA ("SMK") entered into a senior secured term debt facility with Coris Bank International ("Coris") for CFA 37,000,000,000 (approximately $60,000,000). On 10 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 debt facility has the following key terms:

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

Coris Second Ball Mill Facility

On 26 November 2018, following approval for the construction of the Second Ball Mill at the Yanfolila Mine, the Group's subsidiary, SMK, entered into a senior secured term debt facility with Coris for CFA 5,500,000,000 (approximately $9,600,000). On 28 December 2018 SMK drew down the balance of the facility. The debt facility has the following key terms:

- A 2 year term.
- Interest at 9% per annum (payable monthly).
- Principal deferral period of 12 months from first draw down, payable monthly thereon.

Coris Overdraft Facility

On 26 November 2018, the Group's subsidiary, SMK entered into an overdraft facility with Coris for CFA 5,500,000,000 (approximately $9,600,000), to provide additional working capital flexibility. The Coris Overdraft Facility carries an interest rate of 9% per annum and remains available twelve months from date of signing. This facility was undrawn as at 31 December 2018.

Security for the borrowings was granted to Coris over the assets of SMK, a parent company guarantee and restricted cash held in an escrow account (note 16).

The Group records and measures borrowings at amortised cost, using the effective interest rate method.

18. PROVISIONS

Rehabilitation provision

	Total $'000
At 1 January 2018	—
Arising during the year [1]	13,229
Unwinding of discount	312
Total borrowing at 31 December 2018	**13,541**

1 – Capitalised to property, plant and equipment (note 14).

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2029. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions.

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However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

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 2018, the Group had unrecognised deferred tax assets of $15,776,000 (2017: $6,554,000) in respect of UK and Malian 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.

The table below sets out the maximum deferred tax assets and liabilities that could be recognised by the Group at 31 December 2018. The liability of $5,832,000 in respect of accelerated tax depreciation is fully offset against tax losses at the Mali corporate tax rate of an equal amount. The resulting net deferred tax balance of $Nil is therefore omitted on the face of the Group's statement of financial position.

	UK Corporate Tax Rate		Mali Corporate Tax Rate [1]		
	Deferred tax assets $'000	Deferred tax liability $'000	Deferred tax assets $'000	Deferred tax liability $'000	Net deferred tax assets $'000
At 31 December 2016	5,721	—	—	—	5,721
Tax losses during the year	833	—	—	—	833
At 31 December 2017	**6,554**	**—**	**—**	**—**	**6,554**
Revisions on earlier taxes rates	(85)	—	—	—	(85)
Tax losses during the year	596	—	14,543	—	15,139
Accelerated tax depreciation	—	—	—	(5,832)	(5,832)
At 31 December 2018	**7,065**	**—**	**14,543**	**(5,832)**	**15,776**

	2018 $'000	2017 $'000
Revisions on earlier taxes rates	**(85)**	—
Tax losses during the year	**15,139**	833
Accelerated tax depreciation	**(5,832)**	—
Effect of different tax rates	**429**	—
Deferred tax assets not recognised (note 10).	**9,651**	833

1 — The taxation of the Group's operations in Mali are aligned to the mining convention (Mining Code of Mali 1999) under which tax is charged at an amount not less than 1% of turnover and not more than 30% of taxable profits.

20. TRADE AND OTHER PAYABLES

	2018 $'000	2017 $'000
Trade payables	**20,084**	11,939
Other taxes and social security	**5,496**	4,694
VAT payable	**93**	310
Accruals	**13,060**	9,762
Other payables	**1,054**	1,717
	39,787	28,422

The average credit period taken for trade purchases is 56 days (2017: 55 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 $910,000 (2017: $792,000) being an apportionment of the cash award in respect of Hummingbird Incentive Plan – Performance Orientated ("HIPPO 2016") (note 25). The pension creditor at 31 December 2018 was $10,000 (2017: $9,000).

21. OPERATING LEASE COMMITMENTS

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

	2018 $'000	2017 $'000
Within one year	**1,901**	1,731
In the second to fifth years inclusive	**5,898**	6,785
Greater than five years	**—**	2,436
	7,799	10,952

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

22. OTHER FINANCIAL LIABILITIES

	2018 $'000	2017 $'000
Royalty liability	**15,000**	15,000
Warrant liability (notes 9 and 24)	**319**	1,368
	15,319	16,368

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.

During that same 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. 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.

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

	2018		2017	
	Number	$'000	Number	$'000
Issued and fully paid				
Ordinary shares of £0.01 each	**351,826,899**	**5,271**	344,741,250	5,176

Notes to the Consolidated Financial Statements continued

For the year ended 31st December 2018

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

	Number of Ordinary Shares of £0.01
At 1 January 2017	**343,241,250**
Issue of shares – exercise of warrants [1]	750,000
Issue of shares - exercise of warrants [2]	750,000
At 31 December 2017	**344,741,250**
Issue of shares – new ordinary shares [3]	6,197,353
Issue of shares - exercise of options [4]	888,296
At 31 December 2018	**351,826,899**

1 — On 11 September 2017 750,000 warrants were exercised at a price of £0.22 in return for £165,000 ($217,607).
2 — On 14 November 2017 750,000 warrants were exercised at a price of £0.22 in return for £165,000 ($216,251).
3 — On 13 June 2017 the Company 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 $2,000,000 was paid through issuing 6,197,353 ordinary shares in the Company on 30 April 2018.
4 — On 9 August 2018, 888,296 options were exercised in the Company. Of the 888,296 options exercised, 90,000 were exercised at a price of £0.22 in return for £20,000 ($ 26,000) and 798,296 exercised at a price of £0.01 in return for £8,000 ($10,000).

On 29 February 2012 the Group entered into a conditional agreement to acquire the 20% interest in its Joe Village licence, which it did not previously own, for 103,255 ordinary shares in the Company. At 31 December 2018 the acquisition had not yet completed and the shares had not been issued.

The total number of outstanding warrants and share options are:

	Number
Warrants	
As at 31 December 2017	6,786,602
As at 31 December 2018	**6,786,602**
Share options	
As at 31 December 2017	13,625,204
Issued	6,157,819
Exercised	(888,296)
Lapsed	(755,000)
As at 31 December 2018	**18,139,727**
Total	**24,926,329**

24. WARRANTS ISSUED

On 21 June 2016 the Company granted 8,286,602 warrants as part of a fundraising:

Number of warrants granted	402,966	7,883,636
Exercise price of the warrants	£0.22	£0.22
Fair value of the warrants at the dates of grant	$0.117 (£0.08)	$0.117 (£0.08)
Final exercise date	21/06/2019	31/12/2019
Number of warrants exercised in prior period (note 24)	—	(1,500,000)
Number of share options outstanding as at 31 Dec 2018	402,966	6,383,636

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 reporting date:

	31 Dec 2018	31 Dec 2017	Date of grant
Share price	$0.273 (£0.215)	$0.462 (£0.342)	$0.325 (£0.222)
Expected dividend yield	Nil	Nil	Nil
Expected volatility	45.98%	46.02%	49.00%
Expected life	1	2	3.5 Years
Risk free interest rate	0.757%	0.446%	0.87%
Resultant fair value	$0.048 (£0.038)	$0.202 (£0.15)	$0.117 (£0.08)

During the year, the Company recognised a gain on revaluation of the warrants of $1,049,000 (2017: loss of $858,000), as shown in note 9.

25. SHARE BASED PAYMENTS

The following table outlines movement in share options granted and outstanding:

Share options

	2017 Number	Granted Number	Exercised Number	Lapsed Number	2018 Number
Granted 26/10/2010	3,095,000	—	—	—	3,095,000
Granted 5/12/2013	2,144,000		(90,000)	(130,000)	1,924,000
Granted 17/11/2014	250,000	—	(250,000)	—	—
Granted 30/09/2016	7,772,568	—	(386,364)	—	7,386,204
Granted 26/09/2017	363,636	—	(161,932)	—	201,704
Granted 30/04/2018	—	6,157,819	—	(234,375)	5,923,444
Total number of share options	**13,625,204**	**6,157,819**	**(888,296)**	**(364,375)**	**18,530,352**
Weighted average exercise price	**£0.09**	**£0.01**	**£0.03**	**£ 0.08**	**£0.07**

Of the total number of share options outstanding at 31 December 2018, 10,572,857 (2017: 7,523,051) had vested and were exercisable.

The weighted average fair value of share options granted during the year was $0.434 (£0.315) (2017: $0.446, £0.33).

The weighted average share price (at the date of exercise) of share options exercised during the year was $0.363 (£0.282) (2017: N/A).

The exercise price of share options outstanding at 31 December 2018 ranged between £0.01 and £0.22 (2017: £0.01 and £0.22) and their weighted average contractual life was 7 years (2017: 7 years).

The following table outlines share based payment charges:

	2018 $'000	2017 $'000
Charge for equity settled share based payments (HIPPO 2016) [1]	518	1,420
Release/(charge) for cash settled share based payments (CEO Deferred bonus)	(338)	424
Total share based payment charges	**180**	1,844
Total share-based payment charges recognised in profit and loss	**(338)**	424

1 — Included within share based payments for the year is $518,000 (2017: $1,420,000) capitalised to mine development assets.

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Hummingbird incentive plan – performance orientated ("HIPPO 2016")
In recognition of the critical importance of delivering the Yanfolila Mine ("the Mine") on time, on budget, to retain and incentivise key team members, and to align management and shareholders, the Company granted options to certain group employees and directors of the Company under the rules of HIPPO, subject to a maximum dilution limit of 20% of issued share capital. On 30 September 2016 and 26 September 2017, the Company granted 7,954,386 and 727,272 share options respectively. Additionally, cash awards were granted with a total value of $2,450,000 based on a 95% probability of meeting the vesting criteria.

	Share award	Cash award ($'000)
Total award granted	8,681,658	2,450
Exercise price of the options	£0.01	—
Fair value of the options at the dates of grant		
30 Sep 2016	$0.312 (£0.24)	—
26 Sep 2017	$0.446 (£0.33)	—
Vesting:		
25% – from the first gold pour at the Mine [1]	2,170,415	*
25% – from the passing of completion tests in respect of the Mine [2]	2,170,415	*
25% – 12 months from first gold pour at the Mine [3]	2,170,414	*
25% – 24 months from first gold pour at the Mine	2,170,414	*
Number of shares options exercised or lapsed in prior periods	545,454	—
Number of share options exercised during the current period	548,296	—
Number of share options outstanding as at 31 December 2018	7,587,908	—

* Proportionally in line with vesting conditions and prevailing exchange rates at the date of payment.
1 First gold was successfully poured on 17 December 2017, upon which options vested. Cash award paid in December 2017.
2 Completion tests successfully met in June 2018, upon which options vested. Cash award paid July 2018.
3 Options vested 17 December 2018. Cash award paid January 2019.

The Company has the option to defer payment of cash awards until sufficient funds are available or settle in shares. Cash awards may also be increased or decreased by 25% depending on performance against timetable and budget.

The fair value of both the equity settled share award and cash award is capitalised to mine development assets on a straight-line basis over the vesting period of the award.

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:

	Date of grant	
	26 Sep 2017	30 Sep 2016
Share price	$0.459 (£0.340)	$0.324 (£0.249)
Expected dividend yield	Nil	Nil
Expected volatility	46.52%	47.78%
Expected life	2 years	3 years
Risk free interest rate	0.447%	0.164%
Resultant fair value	$0.446 (£0.33)	$0.312 (£0.24)
Multiplied by the probability of meeting the vesting conditions at date of grant	95%	95%

Hummingbird incentive plan – performance orientated ("HIPPO 2018")
In recognition of the critical importance of delivering efficient production from Yanfolila Gold Mine ("the Mine") in the period of operations and to retain and incentivise key team members, the Company has granted share options over the Company's ordinary shares to certain group employees and directors of the Company under the rules of HIPPO 2018, subject to a maximum dilution limit of 20% of issued share capital. On 30 April 2018 the Company granted 6,157,819 share options. Additionally, cash awards were granted with a total value of $2,010,000 based on an 80%, 75% and 50% probabilities (respectively) of meeting the vesting criteria.

	Share award	Cash award ($'000)
Total award granted 30 April 2018	6,157,819	2,010
Exercise price of the options	$0.014 (£0.010)	—
Fair value of the options at the date of grant	$0.434 (£0.315)	—
Vesting:		
50% on 31 March 2019 if AISC is equal to / less than $750 per oz 1	3,078,909	*
25% on 31 December 2019 if Gold Poured is 100,000 or more 2	1,539,455	*
25% on 31 December 2020 based on Individual Performance 3	1,539,455	*
Number of share options lapsed during the current period	234,375	—
Number of share options outstanding as at 31 December 2018	5,923,444	—

* Proportionally in line with vesting conditions and prevailing exchange rates at the date of payment.
1 50% on 31 March 2019 if AISC as normalised for a US$0.6/litre fuel price and a US$1,250 gold price ("Normalised AISC") is equal to or below US$750 per ounce of gold sold from the Mine during the performance period;
2 25% on 31 December 2019 if the gold poured from the Mine is 100,000 ounces or more during the performance period; and
3 25% on 31 December 2020 taking into account safety, business development, individual targets and demonstrated exceptional personal performance as determined by the CEO.
4 Performance period 1 April 2018 to 31 December 2018.

The Company has the option to defer payment of cash awards until sufficient funds are available or settle in shares. Cash awards may also be increased or decreased by 25% depending on performance against timetable and budget.

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:

	Date of grant
Share price at the date of grant	$0.448 (£0.325)
Expected dividend yield	Nil
Expected volatility	45.52%
Expected life	4.5 years
Risk free interest rate	1.117%
Resultant fair value	$0.434 (£0.315)
Multiplied by the probability of meeting the vesting conditions at date of grant of 80%, 75% and 50% (respectively)	

The Company notes that as a result of operational challenges during the year, no options or cash awards vested during the performance period. The charge for the year ended 31 December 2018 in respect of HIPPO 2018 was therefore $Nil. In recognition of the critical importance of the recovery plan announced on 29 November 2018 and to retain and incentivise key team members, on 24 January 2019 the Company amended the targets for the HIPPO 2018 to align these with the Company's key objectives for 2019, without any increase to dilution (note 31).

CEO Deferred bonus
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 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.

Notes to the Consolidated Financial Statements continued

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The Yanfolila Project was acquired on 2 July 2014 and accordingly this cash settled 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 $0.99 (£0.58) and $1,774,000 (£1,036,000) respectively, which was spread over the vesting period of 2 years and is re-measured at each reporting date using the share price on that date. The share price as at 31 December 2018 was $0.273 (£0.215) (2017:$0.462, £0.342).

As a result of a weakening in share price during the year, the deferred bonus liability was reduced by $338,000 (2017: increased by $424,000 as a result of strengthening in share price).

26. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2018 $'000	2017 $'000
Loss before tax		**(11,650)**	(5,336)
Adjustments for:			
Amortisation and depreciation	13 & 14	**20,006**	10
Share based payments	25	**(338)**	424
Profit on disposal of subsidiaries	12	**—**	(1,919)
Finance income	9	**(4,797)**	(6,514)
Finance expense	9	**9,119**	6,877
Share of associate loss	12	**235**	117
Share of joint venture loss	12	**2**	—
Impairment of associate	12	**2,044**	—
Reversals in impairment of financial assets	16	**(88)**	—
Losses on financial assets measured at fair value	16	**198**	—
Operating cash flows before movements in working capital		**14,731**	(6,341)
Increase in inventory		**(8,915)**	(1,392)
Decrease in receivables		**1,624**	5,924
Increase in payables		**10,694**	1,790
Net cash inflow/(outflow) from operating activities		**18,134**	(649)

Cash and cash equivalents (which are presented as a single class of assets on the statement of financial position) 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, other reserves 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

	Financial assets measured at amortised cost		Financial assets measured at fair value through profit or loss		Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit or loss	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets								
Cash and cash equivalents (note 16)	**21,530**	40,620	**—**	—	**—**	—	**—**	—
Other receivables (note 16)	**9,431**	14,107	**1,903**	—	**—**	—	**—**	—
	30,961	54,727	**1,903**	—	**—**	—	**—**	—
Financial liabilities								
Borrowings (note 17)	**—**	—	**—**	—	**60,931**	64,650	**—**	—
Trade payables (note 20)	**—**	—	**—**	—	**20,084**	11,939	**—**	—
Other payables (note 20)	**—**	—	**—**	—	**1,054**	1,717	**—**	—
Accruals (note 20)	**—**	—	**—**	—	**13,060**	9,762	**—**	—
Royalty liability (note 22)	**—**	—	**—**	—	**15,000**	15,000	**—**	—
Warrant liability[1] (note 22)	**—**	—	**—**	—	**—**	—	**319**	1,368
	—	—	**—**	—	**110,129**	103,068	**319**	1,368

1 — The fair value of the warrant liability (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, trade and other receivables.

In respect of investments in cash, the Group seeks to deposit funds with reputable financial institutions until such time as it is required.

Impairment of financial assets
The Group's financial assets that are subject to the expected credit loss model are trade and other receivables.

The Group's credit risk on the trade receivables is concentrated with its primary customer, a global physical precious metals merchant with a strong credit rating. The historical level of customer defaults is nil. As a result, the credit risk associated with trade receivables at 31 December 2018 is considered negligible.

The Croup's credit risk on other receivables include amounts receivable from the Government of Mali and Bunker Hill Mining Corp respectively. Having completed a recoverability assessment on other receivables in accordance with IFRS 9, the Group recognised a loss allowance at 1 January 2018 (on adoption) and 31 December 2018 (note 16).

The Group's credit risk management practices and how they relate to the recognition and measurement of expected credit losses is set out below.

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For the year ended 31st December 2018

Definition of default
The loss allowance on all financial assets is measured by considering the probability of default.

Receivables are considered to be in default when the principal or any interest is more than 75 days past due, based on an assessment of past payment practices and the likelihood of such overdue amounts being recovered.

Determination of credit-impaired financial assets
The Group considers financial assets to be 'credit-impaired' when the following events, have occurred:

- default or late payments;
- significant financial difficulty of the counterparty arising from significant downturns in operating results and/or significant unavoidable cash requirements when the counterparty has insufficient finance from internal working capital resources, external funding and/or group support;
- observations of default or breach of contract; and
- it becoming probable that the counterparty will enter bankruptcy or liquidation.

Where a significant increase in credit risk is identified, the loss allowance is measured based on the risk of a default occurring over the expected life of the instrument rather than considering only the default events expected within 12 months of the year-end.

Write-off policy
Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration.

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

Lifetime expected credit losses
A reconciliation of the lifetime expected credit losses at 1 January 2018 and 31 December 2018 in accordance with IFRS 9, is set out below.

	Other receivables Government of Mali $'000	Total $'000
As at 1 January 2018 (under IAS 39)	—	—
Restated through opening retained earnings	1,903	1,903
Opening allowance for expected credit losses	**1,903**	**1,903**
(Decrease)/increase during the year	(88)	(88)
As at 31 December 2018 (under IFRS 9)	**1,815**	**1,815**

The Group applied IFRS 9 'Financial Instruments' for the first time on 1 January 2018. As a result of the adoption, the cumulative catch-up approach has been applied. Any adjustments arising on transition to IFRS 9 are recognised in opening retained earnings.

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 17.

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 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, Australian Dollars, the Euro, Sterling, South African Rand, and West Africa CFA Franc, the Group holds the majority of its funds in these currencies. Currency exposures are monitored on a monthly basis.

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

	Liabilities		Assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Australian Dollars ("AUD")	**91**	50	**166**	4
Canadian Dollars ("CAD")	**26**	—	**57**	79
Euros ("EUR")	**17**	206	**2,673**	2,623
Sterling ("GBP")	**3,653**	1,922	**2,179**	7,195
South African Rand ("ZAR")	**1,224**	42	**763**	1,022
West African CFA Franc ("FCFA")	**79,966**	81,497	**22,466**	34,447

Foreign currency sensitivity analysis
The Group is exposed primarily to movements in the $ against the EUR, 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 $.

	2018 $'000	2017 $'000
Increase in comprehensive income and net assets - EUR	**266**	242
(Decrease)/increase in comprehensive income and net assets - GBP	**(147)**	527
(Decrease)/increase in comprehensive income and net assets - ZAR	**(46)**	98
Decrease in comprehensive income and net assets – FCFA	**(5,750)**	(4,705)

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 $19,000 (2017: $5,000) in respect of Non-executive Director's fees. There was no outstanding balance as at 31 December 2018 (2017: $Nil).

Cora Gold Limited is a related party of the Group because It is a 28.18% shareholder (2017: 33.85%) in Cora Gold Limited.

Transactions with Stephen Betts & Sons Limited
During the year Stephen Betts & Sons Limited charged the Company $116,000 (2017: $73,000) under a contract for the provision of staff, office equipment and warehouse space. There was no accrued outstanding charges between the parties as at 31 December 2018 (2017: $6,000). Amounts outstanding are unsecured and have been settled in cash.

Additionally, during the year the Company sold Stephen Betts & Sons Limited $209,000 (2017: $Nil) in gold grain and investment gold coins. There was $1,000 accrued outstanding sales between the parties as at 31 December 2018 (2017: $Nil). Amounts outstanding are unsecured and have been settled in cash.

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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.

Transactions with Pygmy Hippo Foundation
During the year the Company made charitable, arms-length donations of $38,000 to the Pygmy Hippo Foundation during the year (2017: $Nil). Pygmy Hippo Foundation is a related party of the Group because Daniel Betts and Thomas Hill are Directors of the Pygmy Hippo Foundation.

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.

	2018 $'000	2017 $'000
Short-term employee benefits	**1,403**	1,281
Social security cost	**151**	167
Pensions	**68**	59
Share based payment charge	**(254)**	929
(Reduction)/increase in provision for potential social security costs on share options	**(77)**	223
	1,291	2,659

29. COMMITMENTS

As at 31 December 2018 the Group had commitments of $14,666,000 (2017: $5,790,000) in respect of the Yanfolila Project.

30. CONTINGENT LIABILITIES

In January 2018 Hummingbird Resources PLC (the Company) was served with a Particulars of Claim (the claim) by a former lender (collectively, Taurus Funds Management Pty Ltd, Taurus Mining Finance Fund LP and Taurus Mining Finance Annex Fund LP), in relation to alleged breach of contract on termination of a Mandate for finance. Damages sought by the claimant are to be assessed, but the Claimant has indicated an anticipated figure of approximately $10 million. The Company has received strong legal advice that the claim will be successfully defended, and therefore no provision has been made. If however ultimate resolution of the claim differs from the Company's assessment, a material adjustment to the financial position and results could arise.

31. EVENTS AFTER THE REPORTING DATE

Hummingbird incentive plan – performance orientated ("HIPPO 2018")
The Company announced on 30 April 2018 that it had implemented the Hummingbird Incentive Plan – Performance Orientated 2018 ("HIPPO 2018") incentive scheme to retain and incentivise key team members to deliver efficient production from Yanfolila in its first year of operations.

As a result of operational challenges during the year, no options vested during the performance period 1 April 2018 to 31 December 2018.

In recognition of the critical importance of the recovery plan announced on 29 November 2018 and to retain and incentivise key team members, on 24 January 2019 the Company has amended the targets for the HIPPO 2018 incentive scheme to align these with the Company's key objectives for 2019, without any increase to dilution.

As the core team is developed, further awards may be made under HIPPO 2018 subject to a maximum dilution limit from HIPPO 2018 of 5% of the issued share capital from time to time.

The options under HIPPO 2018 have been granted over ordinary shares in the Company of £0.01 each ("Shares") and have an exercise price of £0.01 per Share. Subject to the performance criteria being met the respective tranche, where under normal circumstances, the options shall vest 50% by 31 March 2020, 25% by 31 December 2020 and 25% by 31 December 2021 subject to continuous employment with the Company:

a) Production Tranche: 1/3 of the options will vest if 120,000 (or more) ounces of gold are poured between 1 January 2019 and 31 December 2019.
b) Cost Tranche: 1/3 of the options will vest if the Yanfolila AISC (as announced by the Company) as normalised for a US$0.86 / litre fuel price and a US$1,200 per ounce gold price is equal to or lower than US$800 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.

The performance period runs from 1 January 2019 to 31 December 2019.

As a part of this amendment, 625,000 options lapsed of which 595,177 were reissued to new participants. Subsequent to amendment of HIPPO 2018, a further 251,748 options have lapsed as a result of staff departure.

Hummingbird incentive plan – performance orientated ("HIPPO 2016")
On 12 February 2019, 1,861,302 share options were exercised under HIPPO 2016. The share price at the date of exercise was $0.31 (£0.24).

Cora Gold Limited ("Cora")
On 30 April 2019 Cora issued 35,064,845 new ordinary shares of no-par value, as a part of a planned fundraising. As a result, the Groups shareholding in Cora was diluted from 28.18% to 18.41%.

Liberian Mineral Development Agreement ("MDA")
The Company announced on 1 May 2019 completion of its 25 year MDA with the Government of Liberia ("GoL"), covering a land package of approximately 2,000km^2, which includes the Group's 4.2Moz Dugbe Gold Project ("Dugbe").

The completion of the MDA is an important milestone for the Group and Liberia. With this agreement in place, the Group can now look towards taking the next steps at Dugbe in the best interests of all stakeholders

The Dugbe MDA is the first gold MDA to be negotiated with the GoL following a discovery in over 10 years and represents a huge milestone for both the GoL and the Company.

Highlights
- 25-year renewable MDA signed with the GoL
- Provides necessary long-term framework for further exploration, feasibility studies, mine development, production and ultimately mine closure
- Initial three-year exploration term, with ability to extend MDA into additional areas with geological continuity
- Flexibility to develop more than one mine and continue exploration on a regional scale
- Fiscal terms include:
- Stabilisation of taxes and duties for 15 years (the maximum permitted under Liberian law)
- GoL to be granted a 10% free carried shareholding in the project (HUM's post interest: 90%)
- Royalty of 3%, Income tax rate of 25%
- Initial signature bonus payable to GoL of US$1.5m
- Community development funds to be established in partnership with GoL and the communities.

Company Statement of Financial Position

As at 31 December 2018

	Notes	2018 $'000	2017 $'000
Assets			
Non-current assets			
Investments	37	**57,786**	57,404
Property, plant and equipment	38	**285**	296
Receivables from subsidiaries	39	**71,330**	73,626
		129,401	131,326
Current assets			
Inventory	40	**3,998**	—
Trade and other receivables	40	**4,529**	4,962
Cash and cash equivalents	40	**1,630**	11,183
		10,157	16,145
Total assets		**139,558**	147,471
Liabilities			
Current liabilities			
Trade and other payables	41	**4,852**	5,606
Other financial liabilities	41	**319**	1,368
Total liabilities		**5,171**	6,974
Net assets		**134,387**	140,497
Equity			
Share capital	42	**5,271**	5,176
Share premium		**—**	148,930
Other reserves		**—**	2,000
Retained earnings		**129,116**	(15,609)
Total equity		**134,387**	140,497

As permitted by section 408 of the Act, the Company has elected not to present its statement of comprehensive income for the year. Hummingbird Resources PLC reported a loss for the year ended 31 December 2018 of $5,431,000. The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2019.

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 2018

	Notes	2018 $'000	2017 $'000
Net cash outflow from operating activities	44	**(7,775)**	(2,863)
Investing activities			
Purchases of property, plant and equipment		**(114)**	(294)
Increase in investment in subsidiaries		**(513)**	(449)
Decrease/(increase) in amounts lent to subsidiaries		**1,168**	(34,483)
Purchase of shares in other companies		**(105)**	(741)
Loans provided net of issue costs		**(2,000)**	—
Interest received		**94**	175
Net cash used in investing activities		**(1,470)**	(35,792)
Financing activities			
Exercise of warrants		**36**	434
Net cash from financing activities		**36**	434
Net decrease in cash and cash equivalents		**(9,209)**	(38,221)
Effect of foreign exchange rate changes		**(344)**	1,181
Cash and cash equivalents at beginning of year		**11,183**	48,223
Cash and cash equivalents at end of year		**1,630**	11,183

Company Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital $'000	Share premium $'000	Other reserves $'000	Retained earnings $'000	Total $'000
As at 31 December 2016	**5,156**	**148,516**	**—**	**(12,959)**	**140,713**
Comprehensive loss for year:					
Loss for year	—	—	—	(4,070)	(4,070)
Total comprehensive loss for the year	**—**	**—**	**—**	**(4,070)**	**(4,070)**
Transactions with owners in their capacity as owners:					
Shares to be issued	—	—	2,000	—	2,000
Exercise of warrants	20	414	—	—	434
Total transactions with owners in their capacity as owners	**20**	**414**	**2,000**	**—**	**2,434**
Share based payments	—	—	—	1,420	1,420
As at 31 December 2017	**5,176**	**148,930**	**2,000**	**(15,609)**	**140,497**
Aggregate adjustments on adoption of IFRS 9	—	—	—	(1,233)	(1,233)
Balance at 1 January 2018 as restated	**5,176**	**148,930**	**2,000**	**(16,842)**	**139,264**
Comprehensive loss for year:					
Loss for year	—	—	—	(5,431)	(5,431)
Total comprehensive loss for the year	**—**	**—**	**—**	**(5,431)**	**(5,431)**
Transactions with owners in their capacity as owners:					
Shares to be issued	84	1,916	(2,000)	—	—
Exercise of warrants	11	25		—	36
Total transactions with owners in their capacity as owners	**95**	**1,941**	**(2,000)**	**—**	**36**
Share based payments	—	—	—	518	518
Cancellation of share premium[1]		(150,871)		150,871	—
As at 31 December 2018	5,271	—	—	129,116	134,387

1 — On 25 September 2018 the Company received court approval for the cancellation of the Company's share premium. The cancellation has the effect of creating distributable reserves.

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 distributable reserves.

Notes to the Company Financial Statements

For the year ended 31 December 2018

32. ADOPTION OF NEW AND REVISED STANDARDS

The Company has applied IFRS 9 'Financial Instruments' for the first time in the year ended 31 December 2018.

As a result of the adoption of IFRS 9 the Company has adopted consequential changes to *IAS 1 Presentation of financial statements*. In addition, the Company has applied the consequential amendments to *IFRS 7 Financial Instruments*: Disclosure to the current period only. Comparatives have not been restated as the cumulative catch-up approach has been applied. Any adjustments arising on transition to IFRS 9 are recognised in opening equity. Therefore, information presented for 2017 does not reflect the requirements of IFRS 9 and is not comparable with the information presented for the year ended 31 December 2018.

All the Company's financial assets were previously classified as loans and receivables under IAS 39 and are classified as assets at amortised cost under IFRS 9.

The only change in measurement of financial assets on application of IFRS 9 arises from impairment of financial assets. IFRS 9 requires impairments of financial assets to be assessed using an 'expected loss' model. The change from the 'incurred loss' model previously applied under IAS 39 resulted in an additional impairment loss of $1,233,000 recognised at 1 January 2018 (note 45).

The financial impact of applying IFRS 9 is set out below:

	IAS 39 Loans and receivables $'000	IFRS 9 Financial assets at amortised cost $'000	Total $'000
Loss allowance at 1 January 2018 under IAS 39	**—**	**—**	**—**
Loss allowance on transition to IFRS 9	—	1,233	1,233
Loss allowance at 1 January 2018 under IFRS 9	**—**	**1,233**	**1,233**

	Total $'000
Net assets, as previously reported at 1 January 2018	**140,497**
Loss allowance on transition to IFRS 9	(1,233)
Net assets, as restated at 1 January 2018	**139,264**

33. 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.

34. 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

Where the majority of the assets of subsidiary undertakings are exploration and evaluation assets and mine development assets, determining whether an investment in 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.

Notes to the Company Financial Statements continued

For the year ended 31 December 2018

As the market capitalisation of the Company was less than the carrying value of the Company's net assets as at 31 December 2018, an impairment review was carried out in respect of the carrying values of the investment in subsidiaries as stated in the Company Statement of Financial Position. As part of the impairment review of the carrying value of the Group's mine development assets and exploration and evaluation assets the Directors considered that there was no impairment as at 31 December 2018.

Recoverability of receivables from subsidiaries and impairment of financial assets
Receivables from subsidiaries represent trading balances and interest free amounts advanced to Group companies with no fixed repayment dates, being amounts due from; Hummingbird Resources (Liberia) Inc, focused on supporting the Group's Liberia exploration interests; and Trochilidae Resources Limited, focused on supporting the Group's wider business, including its Mali operations. In accordance with IFRS 9 'Financial Instruments', where the counterparty would not be able to repay the loan if demanded at the reporting date, the Company has made an assessment of expected credit losses.

Having considered multiple scenarios on the manner, timing, quantum and probability of recovery on the receivables, the Company recognised a lifetime expected credit loss of $1,233,000 on adoption of IFRS 9 'Financial Instruments' (taken directly to opening retained earnings). Following an improvement in receivables from subsidiaries, the assessment of lifetime expected credit loss was revised to $1,129,000 as at 31 December 2018. The allowance for lifetime expected credit losses assessment requires a significant degree of estimation and judgement.

35. AUDITOR'S REMUNERATION

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

36. STAFF COSTS

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

	2018 Number	2017 Number
Directors	**7**	7
Other employees	**11**	7
	18	14

	2018 $'000	2017 $'000
Their aggregate remuneration comprised:		
Wages and salaries	**3,018**	2,778
Social security costs	**331**	370
Pensions	**115**	97
(Release)/charge for share based payments	**(32)**	1,844
(Release)/charge for potential social security costs related to share based payments	**(106)**	361
	3,326	5,450

Within wages and salaries, $1,403,000 (2017: $1,281,000) relates to remuneration payable to directors, included within share based payments is a net release from accruals of $338,000 (2017: net charge to accruals $424,000) under cash-settled share based payment scheme payable to directors, and within pensions is $68,000 (2017: $59,000) relating to pension contributions in respect of directors.

The total remuneration of the highest paid director is $486,000 (2017: $479,000) comprising $447,000 (2017: $444,000) in relation to wages and salaries and pension contributions of $39,000 (2017: $35,000).

The number of directors to whom benefits are accruing under defined contribution pension schemes is 2 (2017: 2).

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

37. INVESTMENTS

	Total $'000
Investments in associates	
At 31 December 2016	—
Additions	771
At 31 December 2017	**771**
Provision for impairment	(495)
At 31 December 2018	**276**
Investments in joint ventures	
At 31 December 2017	—
Additions	105
At 31 December 2018	**105**
Investment in subsidiaries	
At 31 December 2016	53,924
Additions	2,709
At 31 December 2017	**56,633**
Additions	**772**
At 31 December 2018	**57,405**
Total investments	
At 31 December 2017	**57,404**
At 31 December 2018	**57,786**

The Company's subsidiaries are disclosed in note 15 to the consolidated financial statements. The additions in the year include $772,000 (2017: $2,731,000) in respect of HIPPO 2016 incentive scheme that have not been recharged to subsidiaries.

Hummingbird Resources PLC invested in Cora Gold Limited as disclosed in note 12 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 2018 were $276,000 (2017: $585,000).

38. PROPERTY, PLANT & EQUIPMENT

	Total $'000
Cost	
At 31 December 2016	**418**
Additions	294
Disposals	(42)
At 31 December 2017	**670**
Additions	114
At 31 December 2018	**784**
Accumulated depreciation	
At 1 January 2017	**406**
Charge for the year	10
Disposals	(42)
At 31 December 2017	**374**
Charge for the year	125
At 31 December 2018	**499**
Carrying amount	
At 31 December 2017	**296**
At 31 December 2018	**285**

Notes to the Company Financial Statements continued

For the year ended 31 December 2018

39. RECEIVABLES FROM SUBSIDIARIES

	2018 $'000	2017 $'000
Receivables from subsidiaries	**72,459**	73,626
Less: Allowance for expected credit losses	**(1,129)**	—
	71,330	73,626

Receivables from subsidiaries represent deferred trading balances and amounts advanced to Group companies, in the interest of supporting long term growth, and are therefore shown within non-current assets. These in include amounts due from; Hummingbird Resources (Liberia) Inc, focused on supporting the Group's Liberia exploration interests; and Trochilidae Resources Limited, focused on supporting the Group's wider business, including its Mali operations. Receivables from subsidiaries are interest free and repayable on demand. In accordance with IFRS 9 'Financial Instruments', where the counterparty would not be able to repay the loan if demanded at the reporting date, the Company has made an assessment of expected credit losses.

Having considered multiple scenarios on the manner, timing, quantum and probability of recovery on the receivables, the Company recognised a lifetime expected credit loss of $1,233,000 on adoption of IFRS 9 'Financial Instruments' (taken directly to opening retained earnings). Following an improvement in receivables from subsidiaries, the assessment of lifetime expected credit loss was revised to $1,129,000 as at 31 December 2018. Refer to note 45 for a reconciliation of lifetime expected credit losses.

The Directors consider that the carrying amount of the receivables from subsidiaries approximates their fair value.

40. CURRENT ASSETS

Inventory

	2018 $'000	2017 $'000
Finished gold	**3,998**	—
	3,998	—

At 31 December 2018, inventory included a provision of $105,000 to adjust finished gold to net realisable value (2017: $Nil).

Finished gold consist of Single Mine Origin ('SMO') gold coins and gold grain, originating from the Yanfolila Gold Mine in Mali. Further details are set out on the Group's website.

Trade and other receivables

	2018 $'000	2017 $'000
Other receivables	**2,386**	3,039
Prepayments and accrued income	**392**	461
Trade receivables - intercompany	**1,751**	1,462
	4,529	4,962

Bunker Hill Mining Corp

Included in other receivables is an amount of $2,101,000, due from Bunker Hill Mining Corp ("Bunker Hill"), a Canadian listed exploration and development company, arising when the Company entered into an arm's length convertible loan arrangement, advancing $1,500,000 and $500,000 on 18 June 2018 and 9 August 2018 respectively. The loan is repayable one year from the date of advance and attracts interest of 10% p.a. calculated daily from date of advance until repayment or conversion.

As at 31 December 2018, management assessed the fair value of the conversion element in light of a weakening in Bunker Hills listed share price. Consequently, a loss on revaluation to fair value of $198,000 was recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents as at 31 December 2018 of $1,630,000 (31 December 2017: $11,183,000) 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.

41. CURRENT LIABILITIES
Trade and other payables

	2018 $'000	2017 $'000
Trade payables	**2,105**	1,833
Other taxes and social security	**98**	340
VAT	**94**	306
Accruals	**1,975**	2,750
Other payables	**446**	377
Trade payables – Intercompany	**134**	—
	4,852	5,606

The average credit period taken for trade purchases is 63 days (2017: 63 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 reporting date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 $'000	2017 $'000
Within one year	**239**	252
In the second to fifth years inclusive	**293**	925
	532	1,177

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

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

43. 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 continued

For the year ended 31 December 2018

44. NOTES TO THE STATEMENT OF CASH FLOWS

	2018 $'000	2017 $'000
Loss before tax	**(5,431)**	(4,070)
Adjustments for:		
Amortisation and depreciation	**125**	10
Share based payments	**(338)**	424
Finance income	**(1,214)**	(1,372)
Finance expense	**530**	858
Impairment of associate	**495**	—
Impairment of financial assets	**33**	—
Reversals in impairment of financial assets	**(137)**	—
Losses on financial assets measured at fair value	**198**	—
Operating cash flows before movements in working capital	**(5,739)**	(4,150)
Increase in inventories	**(3,998)**	—
Decrease in receivables	**2,310**	2,482
Decrease in payables	**(348)**	(1,195)
Net cash outflow from operating activities	**(7,775)**	(2,863)

45. 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

	Financial assets measured at amortised cost		Financial assets measured at fair value through profit or loss		Financial liabilities measured at amortised cost		Financial liabilities at fair value through profit or loss	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets								
Cash and cash equivalents	**1,630**	11,183	**—**	—	**—**	—	**—**	—
Other receivables	**483**	3,039	**1,903**	—	**—**	—	**—**	—
Intercompany trade receivables	**1,751**	1,462	**—**	—	**—**	—	**—**	—
Loans due from subsidiaries	**71,330**	73,626	**—**	—	**—**	—	**—**	—
	75,194	89,310	**1,903**	—	**—**	—	**—**	—
Financial liabilities								
Trade payables	**—**	—	**—**	—	**2,104**	1,833	**—**	—
Other payables	**—**	—	**—**	—	**446**	377	**—**	—
Accruals	**—**	—	**—**	—	**1,975**	2,750	**—**	—
Intercompany trade payables	**—**	—	**—**	—	**134**	—	**—**	—
Warrant liability[1]	**—**	—	**—**	—	**—**	—	**319**	1,368
	—	—	**—**	—	**4,659**	4,960	**319**	1,368

1 — The fair value of the warrant liability (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 receivables from subsidiaries.

Lifetime expected credit losses
A reconciliation of the lifetime expected credit losses at 1 January 2018 and 31 December 2018 in accordance with IFRS 9, is set out below.

	Receivables from subsidiaries		
	Hummingbird Resources (Liberia) Inc $'000	Trochilidae Resources Limited $'000	Total $'000
As at 1 January 2018 (under IAS 39)	—	—	—
Restated through opening retained earnings	724	509	1,233
Opening allowance for expected credit losses	**724**	**509**	**1,233**
Increase / (decrease) during the year	33	(137)	(104)
As at 31 December 2018 (under IFRS 9)	**757**	**372**	**1,129**

The Company applied IFRS 9 'Financial Instruments' for the first time on 1 January 2018. As a result of the adoption, the cumulative catch-up approach has been applied. Any adjustments arising on transition to IFRS 9 are recognised in opening retained earnings.

Foreign currency exposure and sensitivity analysis
The Company is exposed to foreign exchange risk through certain costs being denominated in currencies other than the functional currency, and from holding non-functional currency cash balances.

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

	Liabilities		Assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Australian Dollars ("AUD")	**85**	74	**—**	2
Canadian Dollars ("CAD")	**26**	23	**56**	78
Euros ("EUR")	**1**	1	**—**	107
Sterling ("GBP")	**3,312**	5,484	**633**	6,459
South African Rand ("ZAR")	**1,150**	1,002	**687**	41

Foreign currency sensitivity analysis
The Company is exposed primarily to movements in the $ against the AUD, CAD, EUR, GBP and ZAR. 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 Company 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.

Notes to the Company Financial Statements continued

For the year ended 31 December 2018

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 Company's sensitivity to a 10% strengthening in various currencies against the $.

	2018 $'000	2017 $'000
Decrease in comprehensive income and net assets – AUD	**(8)**	(7)
Increase in comprehensive income and net assets – CAD	**3**	6
Increase in comprehensive income and net assets – EUR	**—**	11
(Decrease)/increase in comprehensive income and net assets – GBP	**(268)**	97
Decrease in comprehensive income and net assets – ZAR	**(46)**	(96)

46. RELATED PARTIES

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 interest free and repayable on demand. The following amounts were outstanding at the reporting date:

As at 31 December 2017

	Hummingbird Resources (Liberia) Inc $'000	Trochilidae Resources Limited $'000	Societe Des Mines De Komana SA $'000	Total $'000
Trade receivables - Intercompany	7	1,453	2	1,462
Loans due from related parties	34,133	39,493	—	73,626
Total related party receivables	**34,140**	**40,946**	**2**	**75,088**

As at 31 December 2018

	Hummingbird Resources (Liberia) Inc $'000	Trochilidae Resources Limited $'000	Societe Des Mines De Komana SA $'000	Total $'000
Trade receivables – Intercompany	347	1,404	—	1,751
Loans due from related parties	34,138	37,192	—	71,330
Total related party receivables	**34,485**	**38,596**	**—**	**73,081**
Trade payables – Intercompany	—	134	—	134
Total related party payables	**—**	**134**	**—**	**134**

During the year, the Company entered into the following related party transactions with its subsidiary undertakings:

Year ended 31 December 2017

	Hummingbird Resources (Liberia) Inc $'000	Trochilidae Resources Limited $'000	Societe Des Mines De Komana SA $'000	Total $'000
Management fees	—	789	—	789
Recharge of technical fees	—	8,067	—	8,067
Total sales with related parties	**—**	**8,856**	**—**	**8,856**

Year ended 31 December 2018

	Hummingbird Resources (Liberia) Inc $'000	Trochilidae Resources Limited $'000	Societe Des Mines De Komana SA $'000	Total $'000
Management fees	—	2,249	—	2,249
Recharge of technical fees	—	3,508	—	3,508
Total sales with related parties	—	5,987	—	5,987

The Company's transactions with other related parties and remuneration of key management personnel are disclosed in note 28 to the consolidated financial statements.

47. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are disclosed in note 31 to the Consolidated Financial Statements.

Company Information & Advisers

Company Secretary
Thomas Hill

Registered Office & Head Office
49-63 Spencer Street, Hockley,
Birmingham, West Midlands, B18 6DE,
United Kingdom

Company number
05467327

Nominated Adviser & Broker
Strand Hanson Limited
26 Mount Row
London, W1K 3SQ, United Kingdom

Auditors
RSM UK Audit LLP
5th Floor, 29 Wellington Street
Leeds,LS1 4DL,United Kingdom

Solicitors to the Company (UK Law)
Gowlings WLG (UK) LLP
4 More London Riverside
London, SE1 2AU, United Kingdom

Registrars
Link Asset Services
6th Floor, 65 Gresham Street
London, EC2V 7NQ, United Kingdom

Bank
Barclays Bank
1 Churchill Place, Canary Wharf
London, E14 5HP, United Kingdom