

Hummingbird Resources Plc
Annual report 2013
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**Hummingbird Resources Plc
is a 'first mover' in eastern
Liberia, committed to
discovering and developing
world-class gold deposits.**

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Discover more on our website

www.hummingbirdresources.co.uk

Hummingbird has around 7,000km² of highly prospective exploration ground along three shear zones in the south-east of Liberia.

Over the last eight years Hummingbird has carried out a systematic exploration programme from grass roots work through to the definition of an NI 43-101 compliant 3.8Moz gold Resource discovered at its Dugbe 1 Project. A DFS is currently being carried out on the Dugbe 1 Project due for completion in Q3 2014.

Overview

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"A year passes quickly and in next year's annual report I hope to write that we are putting the finishing touches to a positive DFS for the Dugbe 1 Project and construction of the Dugbe 1 mine is shortly due to commence."

Daniel Betts
CEO

The year in review

A year of focused exploration

Hummingbird Resources offers investors a unique opportunity to participate in the discovery and development of world-class mineral deposits in previously unexplored regions of Liberia.

DEVELOPMENT:

Hummingbird Resources Plc ("Hummingbird") delivered a robust Preliminary Economic Assessment ("PEA") on its Dugbe 1 Project in 2013. The highlights of the PEA (based on 3.5Mtpa and US\$1,500 gold price) include

- NPV of US\$337m
- IRR of 43%
- 125,000oz gold/year production for 20 year Life of Mine ("LOM")
- 20 years' free cash of US\$954m
- 2.41 strip ratio and US\$759/oz Opex for first five years of LOM

BUILDING A WORLD-CLASS

DEVELOPMENT TEAM:

Appointment of Detailed Feasibility Study ("DFS") consultants includes

- MDM Engineering Group ("MDM") to lead the DFS
- SRK Consulting (UK) Limited ("SRK") as resource, reserve and mining consultants
- Coffey Mining Pty Limited ("Coffey Mining") for geotechnical studies
- AMEC Plc ("AMEC") for Environmental and Social Impact Assessment ("ESIA")

ADDITIONS TO A HIGHLY EXPERIENCED

"OWNERS' TEAM":

Formation of the Technical Advisory Committee ("TAC") made up of

- Mark Calderwood: Formerly CEO of Perseus Mining Limited with over 200,000oz/year production in Ghana
- Mike Skead: Formerly CEO of Ryan Gold Corp. and Head of Exploration at Banro Corp. Currently VP Project Evaluation at Dundee Resources Limited
- David Pelham: Five years as Technical Director of Hummingbird Resources and led the discovery of 3.8Moz gold at the Dugbe 1 Project
- Nigel Walls appointed as Head of Project Development: Formerly a Director of Wardell Armstrong International Limited and COO then CEO at Ncondezi Coal Company Limited

IRR of 43%

**NPV of
US\$337m**

Creating growth.

By supporting sustainable growth, our actions will have long-term benefits for Liberia.

Read more about our commitment to corporate responsibility from page 39

FULLY FUNDED DEVELOPMENT PROGRAMME:

- US\$5m placement from the IFC in December 2012 IFC, part of the World Bank Group, made its first mining sector investment in Liberia in Hummingbird and has highlighted Liberia as one of its top three priority countries
- US\$15m royalty agreement signed with Anglo Pacific Group Plc in December 2012 for a 2% royalty on production over the Dugbe 1 Project Area
- US\$14m cash at 31 May 2013 with the final US\$5m royalty tranche pending

DFS UNDERWAY:

- MDM appointed to lead the DFS
- SRK appointed as resource, reserve and mining consultants
- 15,802m of infill drilling completed in 2013 to date on the Tuzon 2 05Moz NI 43-101 Inferred Resource
- Coffey Mining oversaw geotechnical drilling in July and August 2013
- DFS due for completion in Q3 2014 with first gold pour targeted for Q2 2016

ESIA:

- AMEC appointed to complete the work
- AMEC has extensive experience across West Africa
- All environmental and social studies underway

EXPLORATION:

- Comprehensive 17,000 line kilometre airborne geophysical survey flown over entire 2,000km² Dugbe Shear Zone licence area

HUMMINGBIRD RESOURCES IN FIGURES

Land in Liberia

Employees

Gold discovered

7,000 km²

3.8 Moz

183

Our presence

Our opportunities in eastern Liberia

Liberia lies on the coast of West Africa, sharing borders with Côte d'Ivoire, Guinea and Sierra Leone. The country has extensive history in natural resources.

KEY FACTS:

- Three operating deep water ports, new roads and railways currently being built
- Since 2006, foreign direct investment ("FDI") of greater than US\$17bn has flowed into the country
- In September 2011, ArcelorMittal began extracting and processing iron ore from the Nimba project
- Significant offshore oil discovery with Chevron and African Petroleum currently undertaking further exploration work
- Servedal, one of the world's largest steel companies, acquired 100% of the Putu Iron Ore Project and plans to start producing in 2017
- The IMF predicts real GDP to increase by 8.8% in 2013

BACKGROUND

With the exception of the capital city Monrovia, it is a sparsely populated country with a total population of over 4 million on a land area of over 100,000km². Liberia was founded in 1847 by emancipated slaves from the United States and is one of only two African countries not to have roots in European colonisation. The country enjoyed more than 100 years of peace before 14 years of intermittent civil war at the end of the 20th century. Since then there has been considerable political and economic transformation. A new Liberia is now attracting impressive international private-sector investment – estimates suggest upwards of US\$17bn since 2006.

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

Development status

Our projects are at various stages of exploration and discovery as we continue to seek to break new ground

Dugbe 1 project	p16	Dugbe Shear Zone	p32	Juazohn Shear Zone	p36
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Dube Shear Zone	p36	Cestos Shear Zone	p37	(Iron ore) Mount Ginka	p38
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Chairman's statement

Ian Cockerill, Non-Executive Chairman

"We will keep an open mind to opportunities to create meaningful shareholder value from licences."

Ian Cockerill
Non-Executive Chairman

Highlights

- Publication of PEA in April 2013
 - IRR of 43%*
 - NPV of US\$337m*
 - Capex of US\$212m
- Formation of TAC including
 - Mark Calderwood
 - Mike Skead

* Using a gold price of US\$1 500 and based on 3.5Mtpa

It has certainly been a very turbulent 2013. The gold price started the year at satisfactory levels and was then pummelled down several hundred Dollars in a day. Whatever the causes behind this unprecedented drop, it only serves to remind us that we still live in "interesting times" and our response to this volatility has to be the delivery of a project, fit for purpose, yet designed to withstand any foreseeable gold price scenario. I said last year that the underlying conditions for a higher yet sustainable gold price were in place and, whilst this year the first real signs of global economic green shoots are emerging, and with it a possible secular move out of the gold sector, I still feel the doomsayers talking gold back to below \$800 per oz are deeply mistaken. The underlying problems in the global economy are still with us and will remain so until such time as the authorities face up to the need for some serious fiscal medicine, and as such gold deserves a place in any well managed investment portfolio.

However, notwithstanding the current, well publicised sell off in the junior mining sector, over the past twelve months Hummingbird has continued to make excellent progress on all fronts, as we

“We are encouraged by several technical studies to determine the most cost effective way to mine, process and deliver a highly profitable project.”

move towards our stated near-term aim of bringing our Dugbe 1 Project into production in 2016. In the last year we successfully raised US\$20m with two exceptional partners, which has guaranteed the necessary funding to complete our Detailed Feasibility Study. These important deals, at minimal dilution to existing equity holders, with the IFC and Anglo Pacific, ensure that we are funded through the current comprehensive work programme to drive the Dugbe 1 Project forward to the completion of a DFS anticipated for Q3 2014, without the need to raise additional funds. This has insulated us from the market through these challenging times and sets us apart from many of the other juniors currently suffering significant funding shortfalls.

Both deals show that these important partners share our positive view of the Dugbe 1 Project, and with the IFC we have an excellent partner to progress through the necessary studies. We look forward to their valuable support, in particular ensuring that Hummingbird adheres to the IFC's rigorous performance standards that promote sustainability together with social and environmental responsibility across all of our business operations.

Our comprehensive Preliminary Economic Assessment published in April 2013 confirmed that the Dugbe 1 Project is both achievable and economically viable, even if the current lower gold price trend continues into 2016 when we foresee the Company moving into production.

Additionally Hummingbird has strengthened its operational team to reflect the changing focus as we move into the development phase so that we possess all of the technical skills internally to drive the project forward and to work constructively with our globally-renowned team of DFS consultants. Together with our consultants and the internal Technical Advisory Committee, I am certain we have the right team in place to achieve the best results for all our stakeholders.

Hummingbird is unique. We are proud of our track record of achieving what we said we would do when we listed on AIM in 2010, being able to add to our highly-skilled team as we have progressed from exploration into the development phase and evolving our strategy as appropriate but always remaining true to our ultimate objective of creating long-term shareholder value through becoming a significant

gold exploration and production company, in a completely new part of the West African Shield.

I would like to thank my fellow Board members for their diligence this past twelve months, to Dan, Will, Tom, Dave and all of our staff for their hard work and dedication as well. Whilst this year has been challenging, the year ahead is unlikely to be any easier but we are extremely fortunate to have in place the team we do. I am confident the fruits of their hard work will soon be realised and we will hopefully be reporting back next year with a positive outlook for the DFS.

Ian Cockerill
Chairman
14 August 2013

“Hummingbird Resources has really helped me a lot. I have gained some experience in logistics and geology and would love to be a geologist.”

Samuel W Gblangbel, Jnr
Geological Logistician and Database Assistant

I was born into the Mano tribe in Yekepa, Nimba County in 1986. In 1991, I started my primary education in Yekepa and later moved to Guinea in the same year due to the civil war. I spent 15 years in exile and graduated from the Laine Refugee School in the Laine refugee camp in Guinea. In Guinea, I worked for the Médecins Sans Frontières Swiss logistics and medical department.

I returned to Liberia in 2006 following the end of the civil war and settled in Saclepea, Nimba County. In Saclepea, I worked for the Médecins Sans Frontières Swiss logistics department and also attended the Jesuit Refugee Service vocational school where I studied basic computer science, management and French.

In 2009, I moved to Monrovia primarily to study, but unfortunately I was unable to. In 2010 I left Monrovia and moved to Sinoe County in search of a job.

In April 2010 I joined the Hummingbird Resources team as a labourer where I have been trained to perform a number of roles from a rig technician to a data entry clerk. In October 2010, I was offered a role in the Liberia head office in Monrovia to serve as the Geological Logistician from which I was promoted to Database Assistant. Within my role I track all the samples from the project sites to the lab here in Monrovia and in OMAC in Ireland. I also liaise with the Government of Liberia through the Ministry of Lands, Mines and Energy to organise the export permits for the samples.

Hummingbird Resources has really helped me a lot. I have gained some experience in logistics and geology and would love to be a geologist. I look forward to seeing Hummingbird build gold mines so that many Liberians can have the opportunity to work.

Business and operational review

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"I have greatly benefited from the new work environment and personal relationships including the Hummingbird team and local people. At present, I am looking forward to participating in the continuing transition process from exploration to the gold mining stage."

Marcellin Rakotondralbe
Geologist

Chief Executive Officer's statement

Daniel Betts, Chief Executive Officer

"The highlight of this last year has been the release of an extremely positive PEA on our Dugbe 1 Project."

Daniel Betts
Chief Executive Officer

Highlights

- NPV of US\$337m with an IRR of 43% assuming a 10% discount factor and US\$1,500 gold
- Over the first five years 1.4 g/t ore mined at US\$759/oz cost
- Capex of US\$212m for 3.5Mtpa plant producing 125,000oz gold
- Free cash of US\$954m over 20 year LOM

A year passes quickly, and in next year's Annual Report I hope to write that we are putting the finishing touches to a positive DFS for the Dugbe 1 Project and construction of the Dugbe 1 mine is shortly due to commence. The following year I hope to write that Hummingbird is on the verge of its first gold pour and becoming a producer. We are progressing rapidly.

The highlight of this last year has been the release of an extremely positive PEA on our Dugbe 1 Project which shows the potential for a robust and profitable gold mine with an NPV of US\$337m, IRR of 43% and free cash of almost US\$50m per annum over the 20 year life of mine producing 125,000oz/year.

Whilst the future of the Company is promising, we cannot ignore the adversity the gold sector is facing today. Writing this statement is not the easiest task I have ever had to tackle. On the face of it the obvious facts are disappointing. Mirroring the fall in the price of gold, and in line with many of our peers, our share price has lost nearly 80% of its value over the twelve month period. As a significant shareholder myself I am acutely

“Many of Hummingbird's directors and employees have bought shares in the Company demonstrating their commitment and belief in what we are achieving.”

aware of what is being felt, not just by us but by our shareholders and by the whole sector. Many of Hummingbird's directors and employees have bought shares in the Company demonstrating their commitment and belief in what we are achieving. Despite the current market conditions we remain very much on track to achieve our stated goals and ambitions.

Gold may be out of favour at the moment, but given the continued uncertainty in the world and gold's enduring nature as a long-term store of value it is likely to remain an important part of any person's or country's balanced investment portfolio.

Likewise gold stocks may be out of favour, but gold is still around US\$1,300 an ounce, a price at which the IRR of the Dugbe 1 Project is an attractive 30%. This remains an exciting project and it is important to remember that the current project economics are based merely on the gold we have identified to date. Excluding the potential for further gold discoveries, it is a compelling investment proposition for a company with a current market capitalisation of around £20m.

In terms of timing we now find ourselves in a strong position.

- We were the first gold company to enter South East Liberia
- We raised the money for our DFS through non-conventional methods prior to completing a PEA, with minimal shareholder dilution showing our commitment to preserving equity value however possible
- We are now undertaking a DFS when few others are in a position, financially, to do so. This means that we have access to the best advisors and consultants. Contracts and timeframes are more competitive than at any time in recent memory, which means that there has not been a better opportunity to move forward with development projects for a long time.

While the sector is going through a period of retrenchment and introspection, we will have taken the business forward and continued to build value for shareholders, which I believe will set us apart from the crowd when the tide and sentiment turns.

Whilst the current market is undoubtedly extremely challenging for all concerned, it actually presents what may be looked back upon as the greatest buying opportunity of a generation and hopefully in the course of this report we will convince our shareholders, both old and new, that Hummingbird is one of the best placed companies to ride out the storm and capitalise on that opportunity.

Financing

During the year under review Hummingbird successfully arranged US\$20m of funding via a US\$5m strategic investment from the IFC, part of the World Bank, and through a US\$15m royalty agreement with Anglo Pacific Group plc. These agreements mean that the Company is fully funded through to the end of the DFS and importantly, were achieved with minimal dilution to shareholders. Given the current situation many junior exploration and development companies find themselves in with a chronic lack of funds in a unsupportive market, we believe the funding achieved this year not only sets us apart from many of our peers but also provides significant endorsement for Hummingbird's Dugbe 1 Project.

Chief Executive Officer's statement continued

Daniel Betts, Chief Executive Officer

"The publication of the PEA formally marked the transition of Hummingbird from an exploration company to an exploration and development company."

Financing continued

These funding streams provide significant benefits to Hummingbird above and beyond the capital. In the case of the IFC, this investment marked its first in the Liberian mining sector. The IFC is respected globally by governments and investors alike; its support provides reassurance to our investors and the host country that Hummingbird's activities will be conducted at the very cutting edge of social and environmental best practices, and it acts as a security blanket that the Company has the support of a major global financial institution working with ourselves and the Liberian government to bring this project to fruition.

Preliminary Economic Assessment

In Q3 2012 we commenced our PEA which was completed and released to the market in April 2013. The PEA was conducted by Wardell Armstrong International Limited ("WAI") with assistance from a number of other internationally recognised consulting firms.

The purpose of the PEA was to assess the potential economic viability of the gold we have already discovered in the Dugbe 1 Project.

Because we wanted to be as thorough as possible in our understanding of the potential for the Dugbe 1 Project, the level of work was extremely comprehensive for this stage of project.

The Dugbe 1 Project

The publication of the PEA formally marked the transition of Hummingbird from an exploration company to an exploration and development company.

The PEA showed, as seen above, that the Dugbe 1 Project is based on a robust resource producing solid financial returns.

Capitalising on the successful PEA and the fact that we have funding in place, we have been able to commence progression towards a DFS resulting in the following key appointments:

- MDM appointed as lead consultant on the DFS,
- SRK appointed to carry out resource and reserve estimations together with mining optimisations,
- Coffey Mining appointed for the geotechnical studies,
- AMEC appointed to carry out the Environmental & Social Impact Assessment,
- Hummingbird has built an 'owners' team' headed by Nigel Walls, a former director of WAI and COO, then CEO, of Ncondezi Coal, and
- Technical Advisory Committee was formed with Mike Skead, current VP Project Evaluation at Dundee Resources, Mark Calderwood, former CEO of Perseus Mining and David Pelham, Non-Executive Director of Hummingbird.

I would like to take this opportunity to thank David Pelham for his immense contribution to the Company over the last five years as he moves from Technical Director to Non-Executive Director. David first worked for Hummingbird as a consultant before spending the last five years as the Company's Technical Director. David has led the geological team from grass roots exploration to where we stand today with a 3.8 Moz gold Resource, a positive PEA and DFS well under way. It goes without saying that Hummingbird has benefited immensely from David's experience during his time as Technical Director and we look forward to continuing to benefit from it as he transitions to Non-Executive Director.

“Hummingbird is a rare breed – a gold explorer, a project developer, a company which is funded through to DFS, with an ambitious management team and a highly experienced advisory committee and board.”

Exploration

As well as transitioning to a developer during the year we have also made inroads on the exploration front. Arguably the most significant of these programmes was a 17,000 line km airborne magnetic and radiometric survey that was flown over the 2,000km² Dugbe Shear Zone licence area. This is the largest of its kind ever in Liberia and we believe it will lead us to many new targets once the full interpretation has been received. The results, which are due imminently, should greatly enhance our understanding of the regional geology across the shear zone and will hopefully help us identify a large number of potential targets which we will be able to actively explore. We will also be able to re-rank the prospectivity of all of our exploration targets by incorporating this new magnetic and radiometric geophysical data into our existing data which will be a significant step forward.

Outlook

During the rest of 2013 and as we move forward into 2014, Hummingbird is fully focused on executing its strategy of further advancing the Dugbe 1 Project and progressing it closer to production.

The Company is fully funded for the next important stage of its growth and it has the team in place to take the project to the conclusion of a DFS, at which stage the implementation of the first mine in south-east Liberia can commence.

Hummingbird is a rare breed – a gold explorer, a project developer, a company which is funded through to DFS, with an ambitious management team and a highly experienced advisory committee and board. Since its formation, the Company has a track record of delivery and of finding an alternative to the equity markets when and if necessary to preserve long-term equity value for shareholders. The darkest hour comes just before dawn, and I think that we have a great deal to look forward to. I would like to especially thank the whole Hummingbird team for their loyalty and dedication through this time and I look forward to an exciting year ahead.

Daniel Betts
Chief Executive Officer
14 August 2013

Dugbe Shear Zone

The DSZ is a 2,000km² group of four licences in the south-east of Liberia. Within the DSZ is Hummingbird's 3.8Moz Dugbe 1 Project and a number of other highly prospective gold targets. A 17,000 line km airborne geophysical survey was flown over the entire shear zone in 2013 to further our target generation to find the next Dugbe 1 Project.

Technical summary

Detailed feasibility study

The Company has formed an owners' team with a wealth of experience and expertise to take the DFS and ESIA forward.

Key facts

- DFS underway and all consultants appointed
- MDM lead DFS consultant supported by
 - SRK on Resource estimation;
 - Coffey Mining on Geotechnical Studies; and
 - AMEC on hydrological studies

DFS

Hummingbird completed its PEA in April 2013 and subsequently has decided to move directly into a DFS. The primary rationale is that sufficient work has been completed over the last two years and it is now appropriate to take the project forward towards mine construction commencing with a DFS and an ESIA.

A comprehensive tender process for the DFS consultant was conducted from May to the end of June, commencing with a total of 17 expressions of interest and culminating with a short list of four tenderers who made presentations to our team during two days of interviews. At the end of this it was decided to award the contract to the AIM listed, Johannesburg-based company MDM Engineering Group Limited.

MDM is the successor company to MDM Ferroman (Pty) Ltd ("MDM Ferroman"). Since purchasing MDM Ferroman's 18 years of intellectual capital and employing all of their key staff in 2006, MDM has been implementing a new management style and processes. MDM has over 24 years of operational experience and specialises in metallurgical and process engineering. Over 40 gold DFSs have been completed by the team (such as Agbaou in the Côte d'Ivoire for Etruscan Resources Inc., 2008), 90% of which went on to achieve third party funding, and MDM has designed and built over 30 gold plants across Africa, such as the Tarkwa expansion for Gold Fields Limited in 2011.

It has been decided to conduct the front end engineering and design ("FEED") concurrently with the DFS in order to be able to proceed directly to an engineering, procurement and construction ("EPC") contract at the end of the DFS and therefore reduce the overall timeframe to mine construction. It is expected that the DFS and FEED will be completed by the end of Q3 2014.

The overall scope of work for the DFS consultant is summarised as follows:

- process engineering,
- civil engineering,
- structural engineering,
- mechanical engineering,
- electrical engineering,
- control and instrumentation engineering,
- front end engineering and design,
- infrastructure,
- project risk analysis,
- project implementation plan, and
- capital and operating cost estimates +/- 10%

MDM started work on the DFS in July 2013, with an initial site visit in August. Concurrent with this, additional metallurgical test work is underway at laboratories in South Africa to fine-tune the process flow sheet. This test work will be integrated into an initial Options Study, as part of the DFS, to fully evaluate the economic impact of different processing scenarios in order to produce the most economically robust and financeable project.

Resource estimation

SRK has been appointed as the consultant for the resource estimation work, following a competitive tender process. A site visit to Dugbe to review our data, drill core and methodologies was completed during June and SRK is now advising Hummingbird on the resource categorisation and geological modelling.

To date 15,802m of infill drilling has been completed in 2013.

Reserve and mining

SRK has been appointed to conduct the reserve and mining element of the DFS following a competitive tender process.

Geotechnical

Coffey Mining in Perth has been appointed to run the geotechnical studies for the DFS, including the design of the tailings management facility. The Coffey Mining team already knows the project from its previous work on the geotechnical section for the PEA.

Hydrology

AMEC will be conducting all the hydrology and hydrogeology studies for the DFS and ESIA. A programme of ESIA water monitoring holes and holes for hydrogeology and associated packer testing was drilled over July and August for this part of the studies.

Timelines

The DFS started in July 2013 and should be completed by the end of Q3 2014. Similarly, the ESIA started in April 2013 and should be completed by the end of June 2014.

Hummingbird owners' team

The Company has formed an owners' team with a wealth of experience and expertise to take the DFS and ESIA forwards.

The Project Manager is Nigel Walls and he is responsible for overall co-ordination of the DFS.

The engineering, cost control and engineering management will be managed by Howard Rowland based in Johannesburg. He has been responsible for the tender process and will co-ordinate the day to day interaction with the DFS contractor, monitoring their progress, costs and suppliers.

Mark Fleming, our Chief Geologist, will oversee all the geological work, such as the Resource estimation.

Kobus de Wet, also based in Johannesburg, will manage and advise on the metallurgy and process test work and provide guidance on the process flow sheet.

The ESIA work will be advised by John Eyre and Kim-Marie Clothier of North Coast Consulting. They will be responsible for maintaining oversight of all aspects of the ESIA and will co-ordinate the programme with our SHEC manager.

SPOTLIGHT ON LIBERIA: Environment

We aim to leave a positive legacy which survives beyond the life of mine, economically, environmentally and socially.

Read more in our Corporate Social Responsibility report from page 39

Technical summary continued

Preliminary economic assessment

The PEA, released in April 2013, highlighted the project to be robust from both a technical and economic perspective, and WAI saw no impediment to proceed directly to a DFS.

Dugbe 1 Project

Wardell Armstrong International Limited was commissioned by Hummingbird in Q3 2012 to prepare a PEA on its Dugbe 1 Project in Liberia, West Africa.

This PEA documents the geological mineral resource, the geological block modelling, the mineable resource, mineral processing, environmental and social issues and a financial assessment of the mining operations from project commencement to the end of mine life. WAI was the principal author of the PEA document, with input from a number of other internationally recognised companies.

The PEA, released in April 2013, highlighted the project to be robust from both a technical and economic perspective, and WAI saw no impediment to proceed directly to a DFS.

Summary

At the Dugbe 1 Project, a NI43-101 compliant Inferred mineral Resource of 94.1Mt at an average of 1.27g/t Au has been confirmed. The resources are contained in both the Dugbe F and Tuzon deposits. The 3.83Moz resource converts to a potentially mineable resource, by applying dilution and mining recovery, of 679Mt at an average grade of 1.31g/t Au for 2.87Moz.

A mineral processing recovery of 90% has been applied to the potentially mineable resource based on a significant number of Au recovery tests.

A number of financial scenarios for the project were completed by applying different mining rates and processing technologies. Following a review, Hummingbird considers the 3.5Mtpa owner-operated Tank Leach operation possesses the best balance of shareholder return, deliverability and achievable capital requirements. The gold price for the financial analysis was set to the three year trailing gold price, which at the time of reporting was US\$1,500/oz.

The Project is situated 75km by road from the deep-water port of Greenville in south-eastern Liberia.

In terms of the size and average gold grade of the project, the Dugbe 1 Project is considered to represent an attractive financial opportunity with a robust payback period.

It is estimated that first production could be achieved within 18 months from the commencement of construction of a 3.5Mtpa plant.

Key project facts

- post-tax NPV (10%) of US\$337m giving an IRR of 43%;
- Capex of US\$212m with a payback period of three years;
- 20 year LOM produces free cash of US\$954m;
- contract mining may significantly reduce initial Capex to US\$143m and increase IRR to 55%;
- average annual gold production of 125,000oz;
- a low strip ratio of 3:1 at Tuzon and potential gold recovery of up to 90%; and
- significant potential exists for extending the current resources and to make new discoveries in the Project area.

Introduction

The PEA is based on the results from 28 trenches and 279 diamond drill holes at the Dugbe F deposit and 7 trenches and 78 diamond drill holes at the Tuzon deposit

The PEA has been prepared by WAI on behalf of Hummingbird. The information, conclusions, opinions, and estimates contained in it are based on

- information available to WAI at the time of preparing the PEA, including previous Technical Reports prepared on the Dugbe 1 Project and associated licences in close proximity to the Project,
- assumptions, conditions, and qualifications as set forth in the PEA,
- data, reports, and other information supplied by Hummingbird and other third party sources,
- the capital expenditure ("Capex") estimates for the mineral processing, infrastructure and tailings aspects of the project were estimated by GBM Minerals Engineering Consultants Limited ("GBM") in 2011. The mining Capex aspects of the project were estimated by WAI, as well as the operating costs for mineral processing and mining. Cost estimates were generated using cost information extracted from industry standard databases and cost models, WAI and GBM cost models and databases, data released by public companies such as studies, operational reviews and due diligence report, and PEA, PFS, FS and BFS studies completed by WAI, and
- the mining operating cost estimates have been based upon the results of the pit optimisation and subsequent mining fleet analysis and therefore may differ slightly from the estimates used for the actual pit optimisations

All cost estimates were to an accuracy of +/-40%

Geology and mineralisation

The majority of Liberia and Sierra Leone is underlain by the Man Shield, an Archaean unit that comprises extensive granitic gneisses and granitoid rocks, which is in part overlain by the Proterozoic Birimian greenstones (Figure 1). The Birimian sequence surrounds the Man Shield along its northern and eastern edges, and consists of a series of volcano-sedimentary rocks, gneisses and granites which have been subjected to various grades of metamorphism.

Figure 1 Geology and gold deposits of West Africa

In the south-eastern part of Liberia, the correlative of the Birimian sequence is the Eburnean Metamorphic Province which is a largely gneissic terrain. In the Dugbe area, these Birimian-age rocks form an extensive belt of quartz-feldspar-biotite gneisses, extending from Greenville to Dugbe. The Dugbe 1 Project area is traversed by the Dugbe Shear Zone which strikes east-northeast, a structure that is well defined using aeromagnetic and radiometric data (Figure 2).

In the Dugbe 1 Project area, there are five main lithological units namely

- quartz-feldspar-biotite gneiss,
- quartz-feldspar-biotite-garnet gneiss,
- quartz-feldspar-biotite-orthopyroxene gneiss,

- quartz-feldspar-biotite-orthopyroxene-garnet gneiss, and
- granitic intrusives of variable grain size

Tropical weathering has produced a superficial weathering profile which includes lateritic soils to a depth of 5–10m that cover most of the Dugbe 1 Project area. Outcrops of fresh bedrock are generally restricted to watercourses and occasional road cuttings.

Figure 2 Recent figure from airborne radiometric and geophysical survey, focus on Dugbe MDA area only

Using a cut-off grade of 0.5g/t Au to define a mineralised zone, the Dugbe F deposit comprises a single tabular zone of mineralisation that is 8–10m thick. The mineralisation extends over a north-northeast strike distance of 2,800m and dips at 20–25° to the southeast. Similarly at Tuzon, the deposit appears to be comprised of a number of stacked mineralised zones striking northeast-southwest for 2,000m and dips at an average of 40° towards the south-east.

At both deposits the gold occurs as very fine, free grains within microfractures, along grain boundaries and in quartz-sulphide stringer veins (Figure 3). The mineralisation is ubiquitous with elevated sulphide occurrence and is conspicuous by its lack of associated alteration and structure. Rare visible gold has been observed in drill core.

Technical summary continued

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Dugbe 1 Project continued

Estimated mineral resources

As part of the PEA, WAI confirmed that the deposit evaluation activities being carried out by Hummingbird at the Dugbe 1 Project are to a high industry standard

Figure 3 Fine free gold (Au) along grain boundaries at Dugbe F (az-quartz, bi-biotite, pl-plagioclase, ap-apatite, po-pyrrhotite, as-arsenopyrite)

At Dugbe F, 199 mainly NQ diamond core holes totalling 26,201 3m have been drilled, with 20,177 samples assayed, on a spacing of 160m x 160m with some 80m spaced infill in areas considered to be more complex (Figure 4) 28 trenches have also been dug spaced along the deposit totalling 2,521 8m for 1,334 samples

At Tuzon, 65 NQ diamond core holes totalling 16,094 3m have been drilled, with 7,897 samples assayed, on a spacing of 160m x 160m (Figure 4), with some additional infill at 80m spacing. Seven trenches have also been dug, spaced along the deposit, totalling 1,682 0m for 666 samples

This data forms the basis for the identified mineral resource estimate reported. The database was verified by WAI and was considered to be of generally good working order and suitable for use in an identified mineral resource estimate

WAI completed an independent audit of the identified mineral resources previously prepared by ACA Howe International Limited ("ACA Howe") ACA Howe undertook the following

- For both deposits mineralised envelopes were generated using a 0.5g/t Au cut-off grade on cross-sections, using both surface trenching and diamond core data. These envelopes were then wireframed to arrive at the current tonnage and grade estimations
- The Dugbe F deposit was modelled using a columnar model prototype which was unfolded along with the sample data. The sample data was then composited to the full intercept width. No top cut was applied. The grade estimation was carried out using the Inverse Distance Weighting Squared ("IDW2") approach on a metal accumulation (grade x true thickness)

- At Tuzon, the sample data was composited to 1m. A top cut of 7g/t Au was applied to the composited data. A block model was created within the wireframe based on a parent cell size of 10m x 20m x 10m (X,Y,Z). The Tuzon model and sample data was unfolded and the estimation also carried out using IDW2

Figure 4 Hummingbird drill campaigns at the Dugbe 1 Project

Table 1.1 Dugbe F and Tuzon Resource estimates (WAI, 1 March 2013)
(in accordance with the guidelines of NI43-101)

				Cut-off grade (g/AAu)		
Unit				0.5	1.0	2.0
Dugbe F	<i>Inferred</i>	Tonnage	Mt	43.0	30.0	3.49
		Au	g/t	1.28	1.47	2.48
		Metal	Kg	54,900	44,200	8,640
			Koz	1,760	1,420	278
Tuzon	<i>Inferred</i>	Tonnage	Mt	51.1	31.4	4.90
		Au	g/t	1.26	1.57	2.45
		Metal	Kg	64,400	49,300	11,900
			Koz	2,070	1,590	382
Total	<i>Inferred</i>	Tonnage	Mt	94.1	61.4	8.39
		Au	g/t	1.27	1.52	2.46
		Metal	Kg	119,000	93,500	20,500
			Koz	3,830	3,010	660

Figure 5 Grade-tonnage curve of the in-situ Mineral Resource for Dugbe F

Figure 6 Grade-tonnage curve of the in-situ Mineral Resource for Tuzon

A summary of the evaluation of in-situ Mineral Resources is shown in Table 11 below and the grade-tonnage curves for the Dugbe F and Tuzon deposits are given in Figures 5 and 6 respectively

Mineral processing

A significant number of tests for this level of study assessing gold recovery, on samples distributed throughout both deposits, have been undertaken at a number of different internationally respected laboratories. This test work has demonstrated that the mineralised

rocks at Dugbe F and Tuzon are amenable to cyanidation leaching

Two principal process routes have been considered using sodium cyanide with subsequent gold recovery

- Tank Leach (conventional tank Carbon-in-Leach ("CIL")), and
- Heap Leach

Gold recoveries of up to 90% are anticipated with a Tank Leach (based on test work completed) and 60% with

a Heap Leach (based on what is typical for Heap Leach operations)

A conceptual flow sheet for Tank Leach comprises single stage crushing, open circuit Semi-Autogenous Grinding ("SAG"), closed circuit ball milling, carbon-in-leach, carbon stripping, electrowinning and bullion smelting

SPOTLIGHT ON LIBERIA: Access and infrastructure

Hummingbird Resources invests directly in the people of Liberia. Hummingbird's activities will have positive multiplier effects to the wider population.

Read more in our Corporate Social Responsibility report from page 39

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Dugbe 1 Project continued

Mineral processing continued

The design criteria is given below for a conceptual plant based on the extraction of 3.5Mtpa ore

- Stage 1 Ore Receiving Section – ore will be delivered to a static grizzly (-600mm material), then moved to a jaw crusher (-150mm material), and next to an ore stockpile. This circuit will treat approximately 750t/hour
- Stage 2 Grinding – ore will be fed into an 8.5m x 4.35m SAG mill fitted with a 6,000kW motor at a rate of 440tph. Ore will be ground to 80% passing (P80) through 850µm and pass into hydro-cyclone classification. Underflow from the cyclone will pass into a closed circuit Ball mill to be ground to a P80 of 75 µm. Overflow will return to the SAG mill
- Stage 3 CIL Circuit – product from the grinding will be pumped from the pre-leach sump to six 3,300m³ tanks operating in series
- Stage 4 Doré Production – this will comprise an elution circuit of AARL type design
- Stage 5 Carbon Regeneration – this stage will comprise a diesel fired rotary kiln and reactivated carbon will be returned to the CIL circuit
- Stage 6 Cyanide Detoxification – the final stage of the process will include cyanide detoxification prior to disposal of wastes into a tailings management facility

A conceptual flow sheet for a similarly sized Heap Leach process comprises pregnant solution from the heap sent to a desorption circuit, followed by electrowinning and production of gold cathode. Due to uncertainties surrounding the operation of a Heap Leach process in the relatively high rainfall tropical environment the Tank Leach option would appear to provide a more stable and robust process option.

Table 1.2 WAI Estimate – Potential Mineable Resource for a Tank Leach process route (February 2013)

	Classification	Total tonnes Mt	Grade Au (g/t)	Contained gold	
				g	oz
Dugbe F	Ore	29.6	1.32	38,900,000	1,250,000
	Waste	182	—	—	—
	Strip ratio	6.15	—	—	—
Tuzon	Ore	38.4	1.31	50,300,000	1,620,000
	Waste	115	—	—	—
	Strip ratio	3.00	—	—	—
Total	In-situ ore	67.9	1.31	89,200,000	2,870,000
	Waste	297	—	—	—
	Strip ratio	4.37	—	—	—

Table 1.3 WAI Estimate – Potential Mineable Resource for a Heap Leach process route (February 2013)

	Classification	Total tonnes Mt	Grade Au (g/t)	Contained gold	
				g	oz
Dugbe F	Ore	26.8	1.29	34,600,000	1,110,000
	Waste	134	—	—	—
	Strip ratio	5.00	—	—	—
Tuzon	Ore	40.6	1.27	51,700,000	1,660,000
	Waste	121	—	—	—
	Strip ratio	2.99	—	—	—
Total	In-situ ore	67.4	1.28	86,400,000	2,780,000
	Waste	255	—	—	—
	Strip ratio	3.79	—	—	—

Mineable resources

WAI performed a series of open pit optimisations on the Inferred Resource, after applying 5% dilution and a mining recovery of 95%, in order to assess the potential geometries of the final economic pits and the mineable resources for the Dugbe F and Tuzon deposits. Pit slopes of 55° and 52° were applied to Dugbe F and Tuzon respectively.

The results indicate that for the Tank Leach process route, the Dugbe 1 Project

has a total potentially mineable resource of 67.9Mt at a diluted average grade of 1.31g/t for 2.87Moz of contained metal (Table 1.2).

For the Heap Leach process, the optimisation results generated a potentially mineable resource of 67.4Mt at diluted grade 1.28g/t for 2.78Moz of gold (Table 1.3).

The pit optimisations were undertaken using the most recent block models generated by ACA Howe and audited

by WAI. Inferred Resources have been included within the pit optimisation to derive an estimate of the mineable resource. For the purposes of the PEA, and in order to distinguish the material identified as potentially mineable from a Reserve as defined under the terms of NI 43-101, this material is referred to as a "potentially mineable resource".

Mining

Mining at Dugbe F and Tuzon will be a conventional open pit operation with ore and waste extracted via drill, blast, load and haul. The mining equipment fleet is likely to consist of Atlas Copco FlexiROC D60 track-mounted drills for blast hole drilling, and Liebherr 8m³ and 15m³ shovels for ore and waste excavation respectively.

Upon loading, ore will be hauled from Dugbe F and Tuzon pits in plant such as Caterpillar ("CAT") 777G 90t haul trucks to a centralised Run-of-Mine ("ROM") pad, from where it will be fed into a primary crusher, its entry into the processing plant.

Waste from Dugbe F and Tuzon will be hauled in 90t trucks to waste dumps located on the footwall side of each pit.

Mining operations at the Dugbe 1 Project will have a strip ratio of approximately 3:1 at Tuzon and 6:1 at Dugbe F. The resultant open pit footprint at Tuzon is

approximately 1.75km along strike by 0.75km across strike and some 200m deep, with a resultant total rock tonnage of approximately 115Mt.

WAI generated a series of production schedules for each process route scenario (Tank Leach and Heap Leach) at production rates of 2Mtpa, 3.5Mtpa, 5Mtpa and 8Mtpa, presented in Table 1.4 and Table 1.5 on the following pages.

Project Infrastructure

Abundant water is available within the site location, with annual rainfall in the area typically averaging at 4,000mm. Large raw water and process water tanks are proposed to be established. Decanter water from the tailings management facility will be returned to the plant in preference to raw water from environmental sources.

It is estimated that for a 3.5Mtpa plant, the power supply required will be 17.5MW. For the PEA, power estimations have been worked out using US\$0.28/kWh, which is based on using Light Fuel Oil ("LFO") leased generators. It is believed that a significant optimisation of power supply can occur that will reduce the cost, e.g. the option of using heavy fuel oil generators has the potential to produce power for around US\$0.17/kWh. Also, the opportunity for hydroelectric power at a number of regional sites

could be suitable for run-of-river hydro-schemes sufficient to produce up to 30MW of power at a cost of US\$0.18/kWh. Potential may also exist to use crude palm oil from nearby plantations that could be mixed direct with LFO to make biodiesel.

WAI has provided a provisional mine layout (Figure 7) and identified a potentially suitable naturally occurring valley some 2.5km to the north of the Tuzon deposit that could support a tailings management facility.

Figure 7 Dugbe 1 Project

Access will include the upgrade of the 75km road from Greenville, where a deep water port is located, to a two-lane laterite road suitable for heavy mining equipment.

Global compliance standards

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

Read more in our Corporate Social Responsibility report from page 39

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Dugbe 1 Project continued

Project infrastructure continued

Table 1.4 LOM mining production schedules, Tank Leach scenario

Year	Unit	Total	1	2	3	4	5	6
2Mtpa mining schedule								
Ore	Mt	679	2 00	1 99	1 99	2 00	2 00	2 00
Waste	Mt	297	2 80	4 50	4 07	3 91	2 92	2 95
Strip ratio	w/o	4.37	1 40	2 26	2 04	1 96	1 46	1 48
Au grade	g/t	1 31	1 51	1 38	1 42	1 31	1 48	1 56
3.5Mtpa mining schedule								
Ore	Mt	679	3 49	3 49	3 49	3 49	3 50	3 49
Waste	Mt	297	7 00	7 37	5 45	10 2	11 8	11 8
Strip ratio	w/o	4.37	2 00	2 11	1 56	2 92	3 38	3 38
Au grade	g/t	1 31	1 47	1 37	1 44	1 46	1 32	1 24
5Mtpa mining schedule								
Ore	Mt	679	4 99	4 99	4 99	4 99	4 99	4 99
Waste	Mt	297	8 93	9 26	16 8	16 9	12 7	17 5
Strip ratio	w/o	4.37	1 79	1 86	3 37	3 39	2 55	3 50
Au grade	g/t	1 31	1 44	1 40	1 44	1 30	1 17	1 16
8Mtpa mining schedule								
Ore	Mt	679	7 98	7 98	7 98	7 98	6 45	7 98
Waste	Mt	297	15 3	17 3	28 0	27 7	26 7	50 2
Strip ratio	w/o	4.37	1 91	2 17	3 50	3 47	4 15	6 29
Au grade	g/t	1 31	1 41	1 44	1 23	1 20	1 27	1 22
Year	Unit	18	19	20	21	22	23	24
2Mtpa mining schedule								
Ore	Mt	2 00	1 99	2 00	1 99	2 00	2 00	2 00
Waste	Mt	7 61	13 4	12 7	13 5	13 5	14 1	13 5
Strip ratio	w/o	3 81	6 71	6 37	6 77	6 78	7 08	6 77
Au grade	g/t	1 30	1 22	1 23	1 22	1 14	1 30	1 19
3.5Mtpa mining schedule								
Ore	Mt	3 49	3 49	1 63	—	—	—	—
Waste	Mt	20 9	22 6	3 61	—	—	—	—
Strip ratio	w/o	5 97	6 46	2 21	—	—	—	—
Au grade	g/t	1 02	1 49	1 73	—	—	—	—
5Mtpa mining schedule								
Ore	Mt	—	—	—	—	—	—	—
Waste	Mt	—	—	—	—	—	—	—
Strip ratio	w/o	—	—	—	—	—	—	—
Au grade	g/t	—	—	—	—	—	—	—
8Mtpa mining schedule								
Ore	Mt	—	—	—	—	—	—	—
Waste	Mt	—	—	—	—	—	—	—
Strip ratio	w/o	—	—	—	—	—	—	—
Au grade	g/t	—	—	—	—	—	—	—

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Project infrastructure continued

Table 1.5 LOM mining production schedules, Heap Leach scenario

Year	Unit	Total	1	2	3	4	5	6
2Mtpa mining schedule								
Ore	Mt	679	200	199	199	200	200	199
Waste	Mt	297	538	620	587	625	591	645
Strip ratio	w/o	437	2.69	3.11	2.94	3.13	2.96	3.24
Au grade	g/t	1.31	1.37	1.31	1.26	1.22	1.30	1.29
3.5Mtpa mining schedule								
Ore	Mt	679	349	349	349	349	349	349
Waste	Mt	297	939	105	104	102	106	106
Strip ratio	w/o	437	2.69	2.99	2.96	2.91	3.05	3.04
Au grade	g/t	1.31	1.34	1.26	1.35	1.32	1.40	1.41
5Mtpa mining schedule								
Ore	Mt	679	499	498	499	499	499	499
Waste	Mt	297	152	147	151	152	151	151
Strip ratio	w/o	437	3.05	2.94	3.04	3.04	3.02	3.02
Au grade	g/t	1.31	1.30	1.29	1.46	1.33	1.29	1.20
8Mtpa mining schedule								
Ore	Mt	679	798	798	798	798	798	798
Waste	Mt	297	232	242	242	244	245	499
Strip ratio	w/o	437	2.91	3.03	3.03	3.06	3.07	6.25
Au grade	g/t	1.31	1.33	1.35	1.34	1.18	1.17	1.26
Year	Unit	18	19	20	21	22	23	24
2Mtpa mining schedule								
Ore	Mt	199	200	199	200	200	200	199
Waste	Mt	560	634	569	134	119	119	128
Strip ratio	w/o	2.81	3.18	2.85	6.72	5.95	5.98	6.43
Au grade	g/t	1.28	1.24	1.00	1.21	1.18	1.17	1.23
3.5Mtpa mining schedule								
Ore	Mt	349	349	232	—	—	—	—
Waste	Mt	198	201	211	—	—	—	—
Strip ratio	w/o	5.68	5.74	0.91	—	—	—	—
Au grade	g/t	1.26	1.07	1.29	—	—	—	—
5Mtpa mining schedule								
Ore	Mt	—	—	—	—	—	—	—
Waste	Mt	—	—	—	—	—	—	—
Strip ratio	w/o	—	—	—	—	—	—	—
Au grade	g/t	—	—	—	—	—	—	—
8Mtpa mining schedule								
Ore	Mt	—	—	—	—	—	—	—
Waste	Mt	—	—	—	—	—	—	—
Strip ratio	w/o	—	—	—	—	—	—	—
Au grade	g/t	—	—	—	—	—	—	—

Technical summary continued

Preliminary economic assessment

Dugbe 1 Project continued

Environmental studies

The Government of Liberia, via the Environmental Protection Agency ("EPA"), has indicated that it requires Hummingbird to complete an ESIA for the Dugbe 1 Project to comply with international standards

Environmental and socio-economic receptors have been identified, including surface water resource, groundwater, biodiversity, local communities and artisanal mining. Based on the high sensitivity of the receptors, the following potential

environmental and social issues have been identified which are likely to require careful consideration and allocation of resources for management

- pollution of surface water and changes to surface water flows,
- pollution of groundwater and localised changes to groundwater flows and levels,
- loss of, or changes to, significant biodiversity, including internationally threatened and endangered species,

- unplanned increases in the human population leading to resource issues and complex relocation related impacts,
- presence of a well-established artisanal mining industry, and
- cumulative impacts on the forest ecosystem

No unmanageable impacts have been identified at this early stage of the project's development

Table 1.6 Summary of initial capital expenditure for the Dugbe 1 Project

Direct costs	Tank Leach				Heap Leach			
	2Mtpa	3.5Mtpa	5Mtpa	8Mtpa	2Mtpa	3.5Mtpa	5Mtpa	8Mtpa
Direct costs (US\$m)								
Mining	53.5	68.7	103	134	53.5	68.7	103	134
Process – single stage crushing	4.99	6.98	8.64	11.5	—	—	—	—
Process – milling	16.8	23.5	29.1	38.5	—	—	—	—
Process – leaching	6.66	9.31	11.5	15.3	—	—	—	—
Process – carbon circuit	3.89	5.45	6.75	8.94	—	—	—	—
Process – gold room	0.80	1.13	1.39	1.85	—	—	—	—
Process – tailings detoxification	1.77	2.47	3.06	4.06	—	—	—	—
Process – reagents	1.44	2.02	3.02	3.32	—	—	—	—
Process – others	1.84	2.58	3.19	4.23	—	—	—	—
Total process	38.2	53.4	66.7	87.7	18.3	25.5	31.6	41.9
Infrastructure	13.5	18.9	23.5	24.3	—	—	—	—
Power	0.66	0.92	1.14	1.52	—	—	—	—
Total infrastructure and power	14.2	19.9	24.6	25.8	13.9	19.5	24.2	32.0
Tailings management facility	6.90	9.70	12.0	16.0	—	—	—	—
Total direct (US\$m)	113	152	207	263	85.7	114	159	208
EPCM	10.1	14.1	17.6	22.0	—	—	—	—
Temporary facilities	1.78	2.49	3.10	3.88	—	—	—	—
Freight	1.78	2.49	3.10	3.88	—	—	—	—
Communications and vendors	0.89	1.24	1.55	1.94	—	—	—	—
Spares	2.97	4.15	5.16	6.47	—	—	—	—
Working capital	13.6	19.1	23.8	29.8	—	—	—	—
Contingency	11.9	16.6	20.7	25.9	—	—	—	—
Total indirect (US\$m)	43.0	60.2	74.9	93.8	22.4	31.3	38.8	51.4
Total initial capital expenditure	156	212	282	357	108	145	198	259

Capital expenditure

For the 2Mtpa base case, the initial capital expenditure was estimated at US\$156m for a Tank Leach process route and US\$108m for a Heap Leach process route

The maximum initial capital expenditure required to develop the project for the 8Mtpa case has been estimated at US\$357m for a Tank Leach operation and US\$259m for a Heap Leach operation

The initial capital expenditure estimates are summarised in Table 1 6

The mining component of the estimates equates to approximately 35% of the total capital cost, with the processing capital expenditure (including indirect costs) at 50% and the remaining 15% consisting of infrastructure and tailings items

Sustaining capital expenditure throughout the LOM is summarised in Table 1 7 below

Operating costs

Utilising the mining production schedules, a fleet and haulage analysis was used to estimate the mining operating cost over the LOM. This includes estimates for drill, blast, load, haul, grade control and mine maintenance operations

Table 1 7 Estimated LOM sustaining capital expenditure

Category	Unit	2Mtpa	3 5Mtpa	5Mtpa	8Mtpa
Tank Leach operations	US\$m	52	44	35	33
Heap Leach operations	US\$m	31	26	22	20

Table 1 8 WAI operating cost estimate

Process route	Unit	2Mtpa	3 5Mtpa	5Mtpa	8Mtpa
Tank Leach	US\$/t ore	20 30	18 00	17 10	16 30
Heap Leach	US\$/t ore	8 40	7 31	6 87	6 49
Mining	US\$/t rock	2 20	2 07	1 68	1 60
G&A	US\$/t rock	0 50	0 50	0 50	0 50
Rehabilitation	US\$/t ore	0 25	0 25	0 25	0 25

The mining operating costs range from US\$2 20/t rock to US\$1 60/t rock for the 2Mtpa to 8Mtpa operations respectively, with the operating cost decreasing as production rate increases and economies of scale are achieved. Mineral processing operating costs, made up of estimates for reagents, power, labour and maintenance, range from US\$20 30/t ore to US\$16 30/t

ore for Tank Leach and US\$8 40/t ore to US\$6 49/t ore for Heap Leach. These operating costs assume power generation using a light fuel oil plant at a cost of US\$0 28/kWh (Table 1 8)

SPOTLIGHT ON LIBERIA: Pygmy Hippo Foundation

In July 2011 we founded the Pygmy Hippo Foundation, a UK registered charity, dedicated to improving conservation in Liberia.

Read more in our Corporate Social Responsibility report from page 39

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Dugbe 1 Project continued

Life of Mine plan

WAI completed a series of post-tax discounted cash flow analyses of the Dugbe 1 Project, applying variable mining rates and assessing both the Tank Leach and Heap Leach options, to assess the project's potential from a financial perspective (Table 1 9). The resultant models assumed a tax holiday for the first three years of production during capital redemption, followed by a standard 30% tax on revenue as from year four.

For a Tank Leach, contractor mining scenario, the Dugbe 1 Project generates a positive NPV, discounted at 10%, ranging between US\$118m and

US\$418m depending on the production rate, with robust IRRs of 38% to 56% respectively. Using a three year trailing gold price of US\$1,500/oz, the payback period is 2–3 years depending on the production rate.

For a Heap Leach operating scenario, the NPV (10%) ranges between US\$59m and US\$212m, with IRRs ranging from 30% to 52% respectively. The payback period is 3–4 years, depending on the level of production.

For a Tank Leach, owner-operated mining scenario (Table 1 10), the Dugbe 1 Project generates a positive NPV (10%) ranging between US\$170m and US\$504m depending on the

production rate, with robust IRRs of 30% to 47% respectively. Using a three year trailing gold price of US\$1,500/oz, the payback period is 2–3 years depending on the production rate.

For a Heap Leach, owner-operated scenario, the NPV (10%) ranges between US\$112m and US\$357m, with IRRs ranging from 25% to 47% respectively. The payback period is 3–4 years, depending on the level of production.

Table 1 9 Financial analysis of the Dugbe 1 Project – Contractor mining

Summary of Results

LOM totals	Unit	Tank Leach				Heap Leach			
		2Mtpa	3 5Mtpa	5Mtpa	8Mtpa	2Mtpa	3 5Mtpa	5Mtpa	8Mtpa
Total ore treated	kt	67,900	67,900	67,900	67,900	67,400	67,400	67,400	67,400
Total gold produced	Moz	2.5	2.5	2.5	2.5	1.6	1.6	1.6	1.6
Total revenue	US\$m	3,800	3,800	3,800	3,800	2,480	2,480	2,480	2,480
Total operating cost	US\$m	2,740	2,400	2,340	2,190	1,780	1,600	1,530	1,410
Total operating cost cash years 1–5	US\$/oz	952	893	906	930	1,130	1,020	939	935
Total operating cost cash	US\$/oz	1,240	1,100	1,080	1,020	1,250	1,140	1,100	1,030
Initial capital expenditure	US\$m	102	143	178	223	56	78	95	125
Sustaining capital expenditure	US\$m	67	48	41	42	42	35	31	28
Total royalty, G&A	US\$m	389	389	389	389	288	285	285	285
Taxes	US\$m	(119)	(173)	(153)	(138)	(79)	(108)	(103)	(92)
Operating free cash flow	US\$m	384	641	699	818	224	334	358	427
NPV 10%	US\$m	118	257	299	418	59.1	127	144	212
IRR	%	38.2	55.3	46.2	56.4	29.9	48.1	39.9	52.0
Payback	Years	3.0	2.0	3.0	2.0	3.0	2.0	3.0	2.0
LOM strip	Ratio	4.37	4.37	4.37	4.37	3.79	3.79	3.79	3.79
Strip years 1–5	Ratio	1.82	2.39	2.59	3.00	2.97	2.92	3.02	3.02

Conclusions

In the conclusion of the PEA WAI believed that the Dugbe 1 Project represents an attractive opportunity with significant potential as the project continues to be refined from scoping through to feasibility study level

In terms of the size and average gold grade of the project, it is considered to represent an attractive financial opportunity with a short payback period. The financial analysis indicates that a Tank Leach, contractor operated scenario generates the most attractive economic return, although this requires greater initial capital expenditure than the Heap Leach scenario.

Table 1 10 Financial analysis of the Dugbe 1 Project – Owner operated

Summary of Results

LOM totals	Unit	Tank Leach				Heap Leach			
		2Mtpa	3.5Mtpa	5Mtpa	8Mtpa	2Mtpa	3.5Mtpa	5Mtpa	8Mtpa
Total ore treated	kt	67,900	67,900	67,900	67,900	67,400	67,400	67,400	67,400
Total gold produced	Moz	2.5	2.5	2.5	2.5	1.6	1.6	1.6	1.6
Total revenue	US\$m	3,800	3,800	3,800	3,800	2,480	2,480	2,480	2,480
Total operating cost	US\$m	2,160	1,900	1,830	1,730	1,270	1,140	1,070	995
Total operating cost cash years 1–5	US\$/oz	814	759	768	782	882	793	719	716
Total operating cost cash	US\$/oz	1010	904	878	835	943	861	824	776
Initial capital expenditure	US\$m	156	212	281	357	109	146	198	259
Sustaining capital expenditure	US\$m	52	44	35	33	30	25	22	20
Total royalty, G&A	US\$m	389	389	389	389	288	285	285	285
Taxes	US\$m	(277)	(298)	(266)	(227)	(217)	(223)	(200)	(164)
Operating free cash flow	US\$m	764	954	990	1,070	563	659	696	751
NPV 10%	US\$m	170	337	378	504	112	223	266	357
IRR	%	30.4	43.4	38.6	47.0	25.4	38.0	38.0	46.9
Payback	Years	3.0	3.0	3.0	3.0	4.0	3.0	4.0	3.0
LOM strip	Ratio	4.37	4.37	4.37	4.37	3.79	3.79	3.79	3.79
Strip years 1–5	Ratio	1.82	2.39	2.59	3.00	2.97	2.92	3.02	3.02

Exploration

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

Dugbe Shear Zone ("DSZ")

Key facts

- A prominent northeast–southwest trending crustal fault structure
- 70km strike length within our licence area
- 2,051km² of licence area
- 3.8Moz of Resources in Dugbe 1 Project area, currently comprising Dugbe F and Tuzon deposits
- 75km by road to Greenville port – operational deep water port that underwent an upgrade during spring 2013

An extensive geophysical and radiometric airborne survey was flown over 17,000 line km in H1 2013 over the entire 2,000km² Dugbe Shear Zone licence area. This is the largest ever airborne survey flown in Liberia. While final images are still pending from the work, early indications are that geology south of the Dugbe Shear Zone is markedly different from the more established understanding of geology around the Dugbe 1 Project, north of the DSZ. When the complete and interpreted images are submitted to Hummingbird from the airborne survey, this should greatly enhance our understanding of the regional geology across the shear zone and will hopefully identify a large number of potential targets we will be able to actively explore. We will also be able to re-rank the prospectivity of all of our exploration targets by incorporating this new data into our existing data which will be a significant step forward.

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

During the last financial year infill drilling has commenced in the Dugbe 1 Project, mostly on an 80m x 80m grid at Tuzon deposit. Tuzon Resource definition has become increasingly well-defined, as the geological team has re-logged the historic and new 2013 drill core to create a new more accurate geologic model of the deposit, based on an improved understanding of the critical features of the mineralisation. Following the re-logging of Tuzon drill core, a similar review of Dugbe F diamond drill core is now underway.

Sampling protocols and data collection have been reviewed on all levels, in concert with a transfer of the Company database from Microsoft Access to Datashed. Validation of historical data has been conducted, and all current practices updated to reflect the new arrangement of Hummingbird's database.

The success of this refined approach and increase in detailed knowledge of the mineralised zone has led to better targeting of gold horizons at Tuzon. The reviewed and validated data and geologic model will be fed into the DFS currently underway, giving the best possible information from which to base the studies.

The 15,802m of infill drilling completed to date in 2013 was designed to increase the confidence and categorisation of the resource at Tuzon and has also been logged to continue the ongoing building and development of the detailed geological model.

A series of environmental holes have been drilled initially to monitor water level and water quality in the area, using the Geebo River as the baseline level. AMEC has been awarded the Environmental and Social Impact

Assessment portion of the DFS, and also more recently the hydrogeological component of the study.

Geotechnical holes are currently being drilled in HQ diamond core by the same rig. These holes will be situated in Tuzon area for current feasibility work, with monitoring and assessment by Coffey.

Dugbe licence (Blocks A, B, D, F)

Following on momentum from last year and the success of exploration at the Dugbe 1 Project, work through Q3 2012 to Q2 2013 has largely focused on development studies to prove the economics of the Dugbe F and Tuzon deposits. Various studies and metallurgical sampling have been conducted, in concert with consulting parties to complete a PEA in early 2013 and push forward a DFS which is currently underway.

In June 2012 two specific drill programmes were drawn up, a "statistical cross" at Dugbe F, and a grid pattern for Tuzon. These brief programmes were needed to inform the short range lateral information

(along strike and across strike), used to derive variograms, determine infill drill spacing and thereby design effective infill drilling programmes for the deposits. Fourteen holes were completed at Dugbe F and five holes at Tuzon. While the Tuzon programme was cut short, enough information was acquired to allow infill drilling to progress in January 2013.

Drilling and trenching were started in early 2013. As the drilling contractor was setting up over Tuzon deposit, a trench programme of 23 additional trenches was planned to confirm and extend the known surficial outcropping of mineralised zone. Once underway a second CS1400 diamond drill rig was brought in to assist, and both rigs remained productive and active through to programme completion at end of May. Results returned from this programme were very encouraging, both adding confidence to the gold grade distribution between existing drill holes and continuing to define the geological model and structural controls on the resource.

SPOTLIGHT ON LIBERIA: Community relations

We live and work with the communities that surround our operations, and explore responsibly in light of these.

Read more in our Corporate Social Responsibility report from page 39

Exploration continued

Working out from the Dugbe 1 Project area, our exploration teams identified some highly prospective targets in the Joe Village licence, around 15km north-west of Dugbe F.

Dugbe Shear Zone ("DSZ") continued

Dugbe licence (Blocks A, B, D, F) continued

The two rigs each averaged 2,000m drilling per month, completing the infill programme within four months. In full 62 new diamond drill holes were completed, for a grand total of 15,802m. All core was oriented on each run, and after training with Reflex staff the ACTII down-hole orientation tool was used full time to increase precision and reliability of down-hole surveys. A total of 10,447 half core samples were sent for assay, with final results pending in the next few weeks.

During Q1 2013 the trench programme was also extended at Tuzon, from the initial 13 to a total of 36 new trenches. 3,530m planned work produced 1,515 samples. As these results have come in, Hummingbird has seen the steady expansion of the mineralised zone at surface. All new data is being incorporated into our existing framework and the geologic model.

Further trench work was planned and commenced for Dugbe F deposit in Q1 2013. Thirteen trenches were dug to completion producing 894 samples. These trenches were planned similarly to the programme at Tuzon, to confirm the extent of mineralised outcrop at surface.

After work was completed to sample and process the new core from 2013 drilling, work has continued back into old drill core where selective sampling previously left certain intervals un-assayed. With a fresh look at Tuzon deposit geology this year and an increasingly clear view of the controls on mineralisation, it is now important

to revisit and assay additional sections of the historic drill core as we look to properly define the resource and move forward through the DFS.

Joe Village licence

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

These soil grids showed four distinct gold-in-soil anomalies within an east-west trend, over a strike length of 8km. The largest of these is in Grd 6, extending for about 2km in strike length. These anomalies appear to extend from the west where the same anomalous zones appear to have been identified on the ground of Tawana Resources further to the west.

From these targets identified within NW Joe Village, trenching continued in relation to positive results from stream sediment and soil samples, and in proximity to local gold workings. Over 2,300 channel samples were taken from 24 trenches in the area, totalling 5,350m of work. Results were disappointing in the area but not barren and thin zones

of anomalous gold were noted from samples. This area is low-lying and marshy with a deeper weathering profile, making it harder to reach bedrock and take truly representative samples. For this reason and to test the deeper, non-leached saprolite below, an auger drill was acquired recently to further study such areas.

The Sackor drill programme was completed in Q3 2012, a 20 hole diamond drill programme of 3,727m. From this 3,478 samples were sent for assay and returned with favourable results.

The mineralised zones appear to be stacked similar to Tuzon, and though of smaller scale are still open to the north after first phase drilling. Best results include:

- 13.0m @ 1.33 g/t Au in SKDC007,
- 7.0m @ 1.63 g/t Au in SHDC008, and
- 6.0m @ 3.36 g/t Au in SKDC001

Sackor is 3km South-West of Dugbe F deposit, and represents Hummingbird's third gold discovery within the Dugbe 1 Project.

West from Dugbe 1 Project the geology team set up a trench programme over the Sackor 2 gold-in-soil anomaly. Six trenches were surveyed and finished for 1,616m and 728 channel samples taken. At Grd 5 in Joe Village a similar size programme was initiated in the second half of 2012. Five trenches were completed for 1,700m, producing 702 samples. These areas produced similar results to NW Joe Village, where a deeper weathered profile was encountered compared to the Dugbe 1 anomalies. Low-grade gold results on both programmes provide target sites for further work.

Nemo Creek licence

The Nemo Creek licence is a large licence area of 690km² in the south of our DSZ licence package. It lies to the south of the Dugbe 1 Project area. Stream sediment sampling identified numerous gold anomalies. Accordingly, a total of twelve soil sampling grids were designed to investigate these anomalies further. These grids amount to 20,000 soil samples at 200m x 40m spacing, of which nearly 6,500 were completed through Q3 2012. Teams worked from west to east systematically to complete grids as access via logging roads opened in this direction.

Four grids were sampled to completion, including grids 1, 4, 11, and 12. Assay results returned through Q4 2012 have repeatedly shown bands of east-northeast trending gold-in-soil anomalies, extending in strike length along low ridges between soil lines. Further exploration has been proposed to investigate these anomalies, with the

ultimate aim of extending the Hummingbird resource base south of the DSZ. Nemo Creek represents a vast area of interest with strike-parallel anomalies emerging in relation to local artisanal gold mining activity.

Tiehnpo licence

The 665 km² Tiehnpo licence lies on the east end of Hummingbird's 2,051km² ground held along the Dugbe Shear Zone, approximately 50km east of the Dugbe 1 Project. The north part of the Tiehnpo licence area has long been known to host extensive artisanal workings in alluvial settings. Establishing the hard rock source of gold in these alluvial workings has been a target for the Hummingbird exploration team.

At Sardiaken in the Tiehnpo licence, 2,800m of trenches were completed through to the end of 2012. The steep topography in the area allowed work to reach good quality saprolite and bedrock on most trench lines, and structures measured within the workings

confirmed southerly dipping strata as mapped previously. Over 1,400 trench samples were collected during the programme from 15 separate trenches.

Assays returned during Q4 2012 and Q1 2013 were not as significant as hoped, but do show continuity from trench to trench. The anomalous values can be traced along strike with respect to topography and dip of bedrock. The appearance of the gold horizon is of a long lateral zone which dips to the south and is comparable to Dugbe F mineralisation in its geometry. Exploration in Sardiaken area is still too early stage to fully determine the significance of trenching results to date.

EMPLOYEE PROFILE:

Brotris NG Donkeh

Geological Technician

"With the responsibilities to sample and log, I am so happy to work with Hummingbird because it's a life improvement."

Exploration continued

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

Juazohn Shear Zone ("JSZ")

The JSZ separates younger Proterozoic metasediments and metavolcanics on the west from Archaean gneisses on the east

Zia licence

This licence covers 443km² and was awarded to Deveton Mining Company ("Deveton") in November 2005. Hummingbird owns 80% of Deveton.

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

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

Kana Hills licence

This licence covers 257km² and was awarded to Geofess International Corporation in 2004, which was then transferred to Afro Minerals Inc. ("Afro") in 2007. Hummingbird owns 80% of Afro. The licence adjoins the Zia licence in the JSZ and covers the continuation

of the North-East trending BIF ridge, along which numerous artisanal gold workings and stream sediment anomalies are located.

Jababli licence

The licence covers 400km² and was awarded to Deveton in October 2009. Hummingbird owns 80% of Deveton.

Earlier stream sediment sampling work established exciting gold targets associated with amphibolite ridges of likely Archaean age. Follow-up soil sampling defined coincident gold/arsenic anomalies along a 9km ridge with abundant artisanal workings in streams draining off it. A trenching programme amount of 1,300m in length was completed along the Peace Camp ridge. This was focused on gold-in-soil and stream sediment anomalies on the Peace Camp ridge, a 9km ridge of amphibolite and other metamorphosed rocks of likely Archaean age. Trench results were disappointing, indicating narrow structures containing gold mineralisation. However, there are two other prospects within the Jababli licence where further work is justified.

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

Zwedru licence

This licence covers 1,000km² and was awarded to Hummingbird in April 2010. Hummingbird owns 100% of this licence.

A stream sediment sampling programme, totalling over 1,140 samples on the Zwedru licence revealed a number of anomalous gold areas, mostly focused around the east and southeast of the 1,000km² licence. Follow-up stream sediment samples have been taken, confirming the extent of these anomalies.

Dube Shear Zone

Tawake licence

This licence covers 665km² and was awarded to Hummingbird in April 2010. The licence is 100% Hummingbird owned. The licence is geologically well-situated, lying on the junction of the regional scale Dugbe and Dube Shear Zones, with evidence of abundant intrusive igneous activity. As a point of comparison, the gold mineralisation in the Dugbe Shear Zone appears to be spatially associated with acid intrusive activity.

Over 600 stream sediment samples collected on the licence indicate broad prospectivity and support the idea that the adjoining shear zones have acted to increase complexity and raised the potential for gold mineralisation in the area.

Follow-up soil grids with prospect-scale geological and regolith mapping have been proposed for 2013. The outcome of these programmes would determine an advance to trenching and possible scout drilling.

Gekehn licence

This licence covers 795km² and was awarded to Hummingbird in April 2010. The licence is 100% Hummingbird owned. 570 completed stream sediment samples showed greater prospectivity for gold in the northern half of the licence.

A general phased plan to enhance stream sediment anomalies with further sampling is in place for 2013. Once these are complete, soil grids will be proposed over areas of interest, notably in the east where the Dube Shear passes through the licence, and in the north-west where several encouraging stream sediment samples are located.

Pliibo licence

This licence covers 375km² and was awarded to Hummingbird in April 2010. The licence is 100% Hummingbird owned.

A total of 470 stream sediment samples have been collected on the licence. A proposal for over 2,500 soil samples was submitted in the last fiscal year to define an isoclinal antiform delineated by the US Geological Survey ("USGS"). These fall into three grids which contain a significant proportion of the anomalous stream sediment results, and lie in a northeast-southwest ("NE-SW") orientation over the top of the structure.

A more detailed exploration plan has now been proposed, including closer-spaced follow-up stream sediment sampling and then soil sampling on a 120m x 40m grid. These steps will progressively define potential targets and justify each new phase in turn, with trenching and reconnaissance drilling to follow if early work is successful.

Cestos Shear Zone

Ba licence

This licence covers 625km² and was renewed by Deveton in October 2011.

Hummingbird owns 80% of Deveton. The Ba licence lies in Archaean rocks immediately west of the Cestos Shear Zone, and is also immediately north of Amlib United Minerals Inc's Cestos project, with its multiple gold targets.

In Q3 2012 results were returned for 1,088 soil samples over three grids within Ba licence. Results in the north-east for Grid 3 are encouraging, showing a possible bedrock gold source on an arcuate ridge above significant artisanal workings.

EMPLOYEE PROFILE:

Darius Paygar

Storeman

"I have worked for Hummingbird for over three years. Initially I worked in Dugbe Camp and now I am head storeman for the Company based in Monrovia and in charge of making sure all our field operations are correctly supplied. It is an excellent job and I am very proud to work for Hummingbird."

Exploration continued

The DTT work showed that it is possible to obtain concentrate samples with a Fe grade averaging 60% to 68% Fe in concentrates across the 90 samples.

Iron ore

Mt Ginka licence

This licence covers 155km² and is held in a 50/50 joint venture with Petmin Ltd

In previous years a number of exploration activities were conducted at the Mt Ginka iron ore prospect. These included compilation of historical work, followed by an airborne geophysical survey with geophysical interpretation and reviews using highly experienced external consultants, together with geological mapping and an initial trenching programme.

This previous work had identified the existence of magnetic iron formation ("IF") units over the 30km long east-west trending ridge.

In order to further investigate the thickness and character of the Mt Ginka iron formation along strike, as well as to obtain fresh magnetite samples for preliminary test work, a scout drilling and further trenching programme was undertaken in the year. Six diamond drill holes were completed for a total of 1,058m, and eight trenches completed for a total of 848m. The programme was successful in intersecting the main Mt Ginka iron formation a number of times, with true thicknesses of up to 41m thick in trenches on the west side of the 30km long ridge, and generally thinner on the east. The geological team recommended further drilling and trenching work, with a focus on the west side of the ridge, to further define the extent and thickness of the iron formation.

Mt Ginka drill programme

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

The DTT work showed that it is possible to obtain concentrate samples with a Fe grade averaging 60% to 68% Fe in concentrates across the 90 samples. However, SiO₂ grades remained higher than desirable for a magnetite concentrate (4.8% to 13% range) in many samples. As a result finer grind may be necessary to liberate magnetite grains from the adjacent

silica grains. It should be noted that these DTT samples were ground to 75 micron size, and it is normal for magnetite ores to be ground finer than that to properly separate the silica and magnetite grains. Overall, the DTT work is at a successful stage in establishing the possibility of upgrading the Ginka magnetite ore to a saleable product.

Corporate Social Responsibility

At Hummingbird we believe that it is our duty to work across all of our operations in the most socially and environmentally responsible way possible.

From Board level through to our in-country team, every Hummingbird employee recognises the importance of working safely and respectfully to protect the environment and the communities in a country we are privileged to work in

Hummingbird Resources

- provides a safe working environment and invests in the skills of our workforce,
- engages and consults with local communities and other key stakeholders, working towards development together, and
- respects and protects the natural environment

Hummingbird invests directly in the people of Liberia. We believe that this is the greatest lasting contribution that can be made. Our education and training programmes are central to our CSR strategy, allowing us to operate

safely and sustainably. By developing skills in our workforce, Hummingbird's activities will have positive multiplier effects to the wider population.

Hummingbird takes an industry best practice approach to environmental and social risk management. By identifying and assessing risks early in the project cycle, the Company can first look at alternative options that avoid negative risks altogether, such as through changing the location or employment of specific technologies. Where avoidance is not possible, the Company will mitigate these risks through specific operating procedures, training and management plans. For risks that remain after such mitigation measures,

the Company is committed to offsetting or compensating where necessary.

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

Throughout the past year, the Company has taken great strides to further improve its environmental and social management and performance. Below are details of some of the major achievements to date, as well as a timeline for the path ahead in the continuing development

EMPLOYEE PROFILE:

Benjamin Volawuo Junior Geologist

"My experience with Hummingbird has been an exciting one. I have enjoyed working with my colleagues from all around the world. Unlike other companies in Liberia, Hummingbird has the largest land acquisition making it a major force to be reckoned with in the emerging mineral industry in Liberia, enabling us young geologists to work in various areas of exploration."

Corporate Social Responsibility continued

Hummingbird Resources invests directly in the people of Liberia. We believe that this is the greatest lasting contribution that can be made while we are here.

Positive development impacts from Hummingbird operations **Employment and training**

Hummingbird continues to be a major employer in Liberia and over 90% of the Company's workforce are Liberian nationals. In a country of high unemployment, this represents a significant development impact. As the Company progresses towards mine development, generating local employment opportunities will continue to be a priority focus area.

Investing directly into people through training and sponsorship is key to our corporate strategy. This past year the Company has partnered with Education Development Centre ("EDC") in a USAID funded education and training programme. To date it has seen over 20 Hummingbird employees through an eight month course at two different levels. In addition, Hummingbird continually trains staff across its operations. This includes first aid training for field staff, geological training courses, environmental and social work, computer skills training sessions and vocational skill training such as carpentry and masonry.

Access and infrastructure

Hummingbird has continued to invest significant financial and logistical resources into the upgrade of the rural road network that supports its main operational site at the Dugbe 1 Project. Infrastructure development remains a priority area for Government investment, especially in rural counties such as Sinoe, not least since improved access can bring wide benefits to local communities that have for so long been cut off from access to basic public services. During

the early part of 2013 we undertook a major road rehabilitation project of 40km of road from Plazon bridge (located 35km east of Greenville) to Dugbe Camp, using a variety of road building machines. For the first time in many years, ambulances are now able to travel from the county capital of Greenville to the communities surrounding the Dugbe 1 Project site, all in less than two hours. Early in 2013, Hummingbird worked with a major GSM mobile network provider in Liberia, to provide network coverage around the Dugbe 1 Project area with the erection of a GSM tower on the hill adjacent to Dugbe Camp, powered by the Company's electricity. This alone has significantly transformed the ability of the local population, including employees in-camp, to communicate and will in turn provide impetus for their own development.

Community-level projects

The Company's work on specific community development projects continues. However, in order to maximise the impact of the social investment projects and to adopt a targeted and proactive approach, Hummingbird initiated a process of needs assessment across key local communities and other local stakeholders, conducting development planning consultation meetings with local communities, government ministries and various potential partner organisations. Following these rounds of consultation, a budget has been approved by the Hummingbird Safety, Health, Environmental and Community ("SHEC") committee for the implementation of a number of projects throughout 2013.

As a result, during the past year we have upgraded smaller access roads into communities, rebuilt over ten bridges, and built the first hand pump in Joplokpo (one of the major traditional host communities). Furthermore, the focus of this ongoing work will be on the provision of safe drinking water and improved sanitation. This work will be conducted by a local implementing NGO partner with oversight provided by a committee comprised of representatives from both the Company and the local communities. Performance measurement and evaluation of these projects will drive greater social impact and enable sustainable community involvement and ownership of such development projects. The work both completed to date, and planned for the rest of 2013, combined with ongoing stakeholder engagement work will form the basis of the Community Development Plan that is currently being developed in partnership with AMEC who is conducting our Environmental and Social Impact Assessment.

Internal capacity building and management systems review

Central to the ability of any company to implement sustainability programmes on the ground is to ensure that the necessary human resource requirements are in place. To that end, the Company has taken a number of steps to bolster the environmental and social department and put in place clear roles and responsibilities. In February 2013, Hummingbird contracted independent SHEC consultants, North Coast Consulting, to help advise the Company through the forthcoming ESIA process and provide independent oversight of

Our education and training programmes are central to our CSR strategy, allowing us to operate safely and sustainably.

internal management system review. In March 2013 the Company hired a full time SHEC Manager, David Hebditch, to oversee and manage all SHEC related matters in the country. In the field, the Company has also taken on two Community Liaison Officers with a good blend of youth and experience. These two positions are key to help improve community engagement and ensure there is a permanent line of communication with local stakeholders.

Since last year, Hummingbird has worked on reviewing all internal policies and procedures. This has resulted in a heavily updated and more comprehensive set of operating standards and policies and management plans. These have all been developed in line with the IFC Performance Standards and informed by industry best practice for exploration as seen in the PDAC e3 plus guidelines. The roll out and implementation of these

standards and policies commenced in March 2013 and are expected to be complete by the end of the calendar year. Of particular note is the newly revised community-level Grievance Mechanism that provides a fair and transparent manner for stakeholders to raise concerns with the Company. These are handled according to a specific procedure (developed in consultation with local communities) with set deadlines for provision of an initial response and follow-up investigation. Statistics on the GM are compiled and reported on monthly to the SHEC committee.

EMPLOYEE PROFILE:

**Marcellin
Rakotondraibe**
Geologist

"I have greatly benefited from the Hummingbird team and local people."

Corporate Social Responsibility continued

Maintaining strong community relations with the host communities in which the Company works remains a key pillar of the company's CSR strategy.

IFC investment

In December 2012, the Company saw the IFC become a major shareholder. Adherence to the IFC's Performance Standards enables companies to meet international best practice by managing environmental and social risks and impacts so that development opportunities are enhanced. Hummingbird is bound to compliance with these standards and, as the only mining company currently financed by the IFC in Liberia, this is a significant endorsement of the environmental and social credentials of the Company.

In summary, the IFC standards are

- PS1 Assessment and Management of Environmental and Social Risks and Impacts,
- PS2 Labour and Working Conditions,
- PS3 Resource Efficiency and Pollution Prevention,
- PS4 Community Health, Safety and Security,
- PS5 Land Acquisition and Involuntary Resettlement,
- PS6 Biodiversity Conservation and Sustainable Management of Living Resources,
- PS7 Indigenous Peoples, and
- PS8 Cultural Heritage

The IFC Performance Standards cover a whole host of environmental and social risks, and full details of the current version (July 2012) are available through the IFC website.

Sustainability monitoring and transparency

Increasingly companies and other organisations are turning to measuring their sustainability performance. This moves the sustainability agenda from generic statements towards measurable outcomes. To that end, Hummingbird Resources has instigated a number of environmental and social monitoring programmes that will form the basis for the development of key performance indicators ("KPIs") as the Company develops. A monthly report is prepared by the SHEC Manager and submitted to the SHEC committee containing details of these statistics.

From May this year, the Board has committed to working towards reporting to the internationally recognised sustainability reporting scheme, the Global Reporting Initiative ("GRI"). This provides a standardised format for companies and organisations to report on their sustainability performance. At first, the Company will report to the Level C standard, before moving towards Level B and A reporting as operations commence and the Company grows.

Lastly, Hummingbird Resources continues to support transparency in the extractives industry through its annual submissions of all Government payments to the Liberia Extractive Industries Transparency Initiative ("EITI"), the national programme aligned to the international EITI scheme.

Community relations

Maintaining strong community relations with the host communities in which the Company works remains a key pillar of the company's CSR strategy. Hummingbird has clear principles and

procedures for stakeholder engagement that look to engage with communities before, during and after all operations. Importantly, these look to include vulnerable groups such as women and youth, as well as take account of special economic groups such as Artisanal and Smallscale Miners ("ASM") that surround many of the Company's operations. The Company holds regular monthly meetings with all key affected communities, which are formalised in the IFC compliant Stakeholder Engagement Strategy, as well as more informal quarterly meetings with all communities. All of these meetings are documented and minuted. Alongside the ESIA, a Stakeholder Engagement Plan is currently being developed that will identify, analyse and structure all engagement with a diverse and inclusive range of stakeholders.

The Company has now employed a community liaison team headed by an experienced Liberian national. Within each community the Company has encouraged and helped instigate the formation of committees with representatives from each group within the community, such as youth, women, elders and artisanal miners. These are designed to help facilitate ease of communication and decision making within the community.

Environmental management

Hummingbird Resources operates in areas of considerable environmental importance. The Dugbe 1 Project is located within the Upper Guinean Rainforest that constitutes a global biodiversity hotspot, and is 15km from Sapo National Park, Liberia's foremost protected area. As such it is vital that Hummingbird's operations are conscious

A first draft of the ESIA is planned to be submitted to the EPA of Liberia in December 2013, with the full twelve month baseline studies and submission of the final report for EPA approval due at the end of June 2014.

of the environmental impact they may have and that necessary procedures and risk mitigation plans are in place. To that end, the Company has taken considerable steps to review and update all relevant standard operating instructions. Examples include clear procedures on minimising unnecessary clearance of vegetation during geological operations, as well as site rehabilitation practices that ensure local ecosystems remain in the conditions that allow for natural re-vegetation to pre-operation levels. The Company has a clear bushmeat policy that bans all staff and contractors from hunting and purchasing bushmeat as well as transporting any form of bushmeat in Hummingbird vehicles. This is underpinned by regular toolbox talks and education sessions on the importance of ecological management.

In February of 2013, Hummingbird commissioned The Biodiversity Consultancy, a leading biodiversity specialist group, to conduct a Rapid Biodiversity Assessment ("RBA") and preliminary Critical Habitat Assessment across Hummingbird licence areas. This work has proved invaluable in identifying potential species and critical habitats where Hummingbird operates and will in turn inform the baseline studies that will be conducted as part of the ESIA. Alongside the RBA and internal management system review, the ESIA baseline studies will help to inform the development of an Ecological Management Plan for the exploration, construction, operation and closure phases of the Company's operations. This will be based on international best practice, and involve contributions from various

stakeholders including international experts, national policy makers and various national and international conservation groups.

Environmental and Social Impact Assessment

In April 2013, following a competitive tendering process involving a number of international consultancy groups, Hummingbird commissioned AMEC to conduct the ESIA for Hummingbird's flagship Dugbe 1 Project. AMEC, in partnership with the Liberian national consultancy Earth Environmental Consultancy ("EEC"), is tasked with developing a robust, IFC and Liberian EPA compliant, ESIA. AMEC and EEC have assembled a strong multi-disciplinary team with extensive West African and Liberian experience.

EMPLOYEE PROFILE:

Martin T Mapika
Land Surveyor

"I feel at home with Hummingbird and want to see the project getting to the mining stage."

Corporate Social Responsibility continued

It is vital that Hummingbird's operations are conscious of the environmental impact they may have and that necessary procedures and risk mitigation are in place.

Environmental and Social Impact Assessment continued

Baseline studies commenced in May 2013 with various consultants having already conducted a number of site visits. As part of the formal ESIA process, AMEC and EEC conducted a round of Scoping Study Stakeholder consultation meetings in late May to help inform the development of the ESIA Terms of Reference as well as fulfil national requirements and introduce the projects to a number of key stakeholders. These included all national ministries and Governmental departments in Monrovia and Sinoe, international and national non-Governmental organisations, as well as of course local communities and community leaders around the project site.

A first draft of the ESIA is planned to be submitted to the EPA of Liberia in December 2013, with the full twelve month baseline studies and submission of the final report for EPA approval due at the end of June 2014. The ESIA will be conducted to international standards and industry best practice with significant input from key Hummingbird stakeholders, such as the IFC, helping to ensure that the studies are robust and thorough. As the most advanced and complete environmental and social studies to be completed so far by Hummingbird, this is an exciting project that will lay the basis for ensuring that Hummingbird's operations continue to be undertaken in the most environmentally and socially responsible manner possible.

Quick facts –

Sapo National Park

- Liberia's first and only protected area
- Located in Sinoe County, South-Eastern Liberia
- 1,804km²
- Home to the majority of the world's remaining pygmy hippos
- Part of the Upper Guinean Rainforest – a biodiversity hotspot of global significance

SPOTLIGHT ON LIBERIA:

Leadership for Conservation in Africa ("LCA")

- The LCA was established by South African National Parks, with support from Gold Fields Ltd and the International Union for Conservation of Nature ("IUCN"). It held its inaugural meeting in August 2006, and works to establish links between business and conservation.
- The LCA's vision is "to harness the collective will and capacity of business and conservation leaders for sustainable conservation-led socio-economic development in Africa". By the year 2020, the LCA plans to save 20 million hectares of African rainforest and currently has membership from 16 African countries.

Read more at www.lcafrica.org

Pygmy Hippo Foundation

Vision

In October 2012, Hummingbird Resources launched the Pygmy Hippo Foundation, a UK registered charity, as a catalyst for greater conservation in Liberia. The Pygmy Hippo Foundation ("PHF") aims to promote the conservation, preservation and protection of pygmy hippos' natural habitat in the forests of eastern Liberia.

There are estimated to be fewer than 3,000 pygmy hippos surviving in the remaining patches of Upper Guinean tropical forest, a critical ecosystem recognised as having one of the world's greatest densities of biodiversity.

The largest intact stretch is located in south-eastern Liberia, around Sapo National Park. Focusing on the pygmy hippo as a flagship for this unique rainforest, the Pygmy Hippo Foundation is seeking to undertake a partnership with the Government of Liberia to enhance the protection and management of Sapo National Park through a public-private partnership ("PPP").

Towards a conservation partnership

In November 2012, the Pygmy Hippo Foundation, along with Leadership for Conservation in Africa ("LCA"), a South African-based conservation organisation, signed a Memorandum of Understanding with the Forestry Development Authority of the Republic of Liberia ("FDA"), to explore possibilities for re-developing Sapo National Park through using a PPP model.

In April 2013, PHF and the LCA approached the New York-based Wildlife Conservation Society ("WCS"), known worldwide for its experience in different models of national park

management, especially across Africa. Currently, WCS is assisting the PHF and LCA in developing a PPP model that would be most effective for Sapo National Park, which will be determined by a comprehensive feasibility study, which is planned to commence in August 2013. The IFC has expressed its interest in supporting the PHF's efforts to reinvigorate Sapo, and the PHF is currently in discussion with all relevant stakeholders to design a PPP model that would involve private-sector support for a better-resourced, better-protected national park management for Sapo. The PHF hopes to prove the success of this PPP scheme at Sapo and, in the future, help to introduce this concept to protect pygmy hippo habitat elsewhere, as well as other critical ecosystems in Liberia.

Fundraising events

The PHF formally launched in October 2012, with a ball at the Natural History Museum in London. With over 400 guests

in attendance, the gala featured special remarks by Madame Anyaa Vohiri, Executive Director of Liberia's Environmental Protection Agency. The ball was a huge success, raising over £80,000 for the PHF.

In May 2013, Hummingbird's CEO Daniel Betts and Head of Business Development Bert Monro cycled the famous Lands End to John O'Groats challenge, 1,000 miles, to raise funds for the PHF. Over ten days, the pair were joined by many friends and supporters, and were able to raise over £12,000 for the Pygmy Hippo Foundation, notably from corporate sponsors such as Casimir Capital to international extractive companies also working in Liberia such as Putu Iron Ore Mining Inc and Aureus Mining Inc.

If cycling across the UK wasn't enough of a physical trial, Bert completed the Liberian Marathon on 25 August 2013 to raise further funds for the Pygmy Hippo Foundation.

Currently, in addition to raising funds to launch a feasibility study of the organisation's PPP plan, the PHF is in discussions with the Forestry Development Authority on how best to deploy resources to effectively improve anti-poaching patrols and otherwise equip the staff at Sapo National Park.

Board of directors

Ian David Cockerill

Non-Executive Chairman

Ian has nearly 40 years of experience in the mining industry, having been responsible for business development at AngloGold, and CEO of both Gold Fields Ltd and AngloCoal, between 1997 and 2009. He is currently Executive Chairman of Petmin Ltd, an AIM and JSE mining company concentrating on bulk commodities, a Non-Executive Director of Onca Ltd in Australia, the Senior Lead Independent Director of Ivanplats Ltd, Vice-chairman of African Minerals Ltd, and an advisor to several other companies associated with the natural resources sector. In addition, Ian is Chairman of the Leadership for Conservation in Africa ("LCA") a not for profit organisation promoting sustainable employment opportunities, linked to conservation projects, across the African continent.

Daniel Edward Betts

Managing Director

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

William Benjamin Thurston Cook

Operations Director

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

Thomas Hill

Finance Director and Company Secretary

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

Stephen Alexander Betts**Non-Executive Director**

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

Matthew Charles Idiens**Non-Executive Director**

Matthew co-founded Hummingbird in November 2005 and he has 19 years' experience in natural resource companies. He is a founder and Director of AIM quoted VANE Minerals plc and also founder and Director of Seamwell International Ltd, a private company developing underground coal gasification projects in China. From 1995 to 2001 he worked as an associate director at Laing and Cruickshank Investment Management, part of the Credit Lyonnais Group.

David Almgren Pelham**Non-Executive Director**

David is a mineral geologist with 30 years' global exploration experience. He has worked with a number of mining and exploration companies such as Placer Dome Inc, Outokumpu Mining and AMAX Exploration. David has broad experience in the exploration and assessment of gold deposits, including all major gold deposit types, as well as in the exploration and assessment of deposits of gemstones, major base metals and energy minerals, with a major focus on Africa. He is credited with the discovery of the Chirano 5–6m ounce gold mine in Ghana.

KEY TO COMMITTEE MEMBERSHIP**Audit committee****Remuneration committee****Safety, health and environmental committee****Committee Chairman**

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Directors' report

The Directors present their report on the affairs of the Group, together with the financial statements and Auditor's Report for the year ended 31 May 2013

Principal activities

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

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

Business review and future developments

The purpose of this review is to show how the Group assesses and manages risk and uncertainty and adopts appropriate policies and targets. Further details of the Group's business and expected future developments are also set out in the Chairman's Statement and in the Business and Operational Review

Principal risks and uncertainties

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

Exploration risk

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

Political risk

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

Licensing and title risk

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

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

Licence renewal and Mineral Development Agreement risk

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

Principal risks and uncertainties continued

Financing risk

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

Details about the use of financial instruments by the Company and its subsidiaries as well as exposure to financial risks are given in note 24 to the financial statements.

Key performance indicators

Given the stage of development of the Group's operations, the key performance indicators used by management for monitoring progress and strategic objectives for the business are set out below. These are discussed within the CEO's Statement and in the Technical Review below.

	31 May 2013	31 May 2012
Resources – indicated and inferred (ounces Au)	3,835,000	3,817,000
Metres drilled (cumulative)	69,036	53,316
Samples collected (cumulative)	109,780	76,192
Exploration expenditure (cumulative)	\$46.6m	\$32.5m
Cash balance	\$13.7m	\$15.5m
Share price	£0.415	£1.115

Corporate governance

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

Board

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

Audit committee

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

Directors' report continued

Corporate governance continued

Remuneration committee

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

Safety, health and environmental committee ("SHEC")

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

Post balance sheet events

Events after the reporting date have been disclosed in note 26 to the financial statements.

Results and dividends

The results of the Group for the year ended 31 May 2013 are set out in the Consolidated Income Statement. The Directors do not recommend payment of a dividend for the year (2012: \$nil).

Directors and Directors' interests

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

	Number of shares at 31 May 2013	Number of shares at 31 May 2012*
ID Cockerill ¹	531,083	531,083
SA Betts ^{2,4}	673,500	539,100
MC Idiens	3,219,607	3,219,607
RJH Smith	—	41,130
DE Betts ^{3,4}	4,611,048	4,476,648
WBT Cook	287,150	287,150
DA Pelham	2,325	2,325
TR Hill ⁵	92,617	92,617

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

2 – SA Betts's interests consist of 109,000 shares held by SA Betts, 92,500 shares held by Caroline Betts, 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 – DE Betts's interest consists of 4,139,048 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.

4 – 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.

5 – This interest includes contracts for difference over 5,000 ordinary shares, 18,684 ordinary shares which are held in his pension and 23,933 ordinary shares which are owned by his wife.

* Or on appointment if later.

On 18 July 2012 Thomas Hill was appointed as Finance Director of the Company. On 2 November 2012 Roderick Smith resigned as a Non-Executive Director of the Company. On 28 June 2013 David Pelham moved from being an Executive Director to a Non-Executive Director.

Directors and Directors' interests continued

The Directors' interests in the share options of the Company at 31 May 2013 were as follows

	Options at 1 June 2012*	Options granted during the year	Options lapsed during the year	Options at 31 May 2013	Exercise price	Date of grant	First date of exercise	Final date of exercise
ID Cockerill	20,000	—	—	20,000	£1 25	27/06/2011	27/06/2012	27/06/2021
ID Cockerill	20,000	—	—	20,000	£1 25	27/06/2011	27/06/2013	27/06/2021
ID Cockerill	—	25,000	—	25,000	£1 12	11/07/2012	11/07/2013	11/07/2022
ID Cockerill	—	25,000	—	25,000	£1 12	11/07/2012	11/07/2014	11/07/2022
SA Betts	337,500	—	—	337,500	£0 486	26/10/2010	24/12/2011	26/10/2020
SA Betts	16,500	—	—	16,500	£1 25	27/06/2011	27/06/2012	27/06/2021
SA Betts	16,500	—	—	16,500	£1 25	27/06/2011	27/06/2013	27/06/2021
SA Betts	—	16,500	—	16,500	£1 12	11/07/2012	11/07/2013	11/07/2022
SA Betts	—	16,500	—	16,500	£1 12	11/07/2012	11/07/2014	11/07/2022
MC Idiens	450,000	—	—	450,000	£0 486	26/10/2010	24/12/2011	26/10/2020
MC Idiens	16,500	—	—	16,500	£1 25	27/06/2011	27/06/2012	27/06/2021
MC Idiens	16,500	—	—	16,500	£1 25	27/06/2011	27/06/2013	27/06/2021
MC Idiens	—	16,500	—	16,500	£1 12	11/07/2012	11/07/2013	11/07/2022
MC Idiens	—	16,500	—	16,500	£1 12	11/07/2012	11/07/2014	11/07/2022
RJH Smith	270,000	—	(270,000)	—	£0 486	26/10/2010	24/12/2011	26/10/2020
RJH Smith	16,500	—	—	16,500	£1 25	27/06/2011	27/06/2012	27/06/2021
RJH Smith	16,500	—	(16,500)	—	£1 25	27/06/2011	27/06/2013	27/06/2021
RJH Smith	—	16,500	(16,500)	—	£1 12	11/07/2012	11/07/2013	11/07/2022
RJH Smith	—	16,500	(16,500)	—	£1 12	11/07/2012	11/07/2014	11/07/2022
DE Betts	1,125,000	—	—	1,125,000	£0 486	26/10/2010	24/12/2011	26/10/2020
DE Betts	42,000	—	—	42,000	£1 25	27/06/2011	27/06/2012	27/06/2021
DE Betts	42,000	—	—	42,000	£1 25	27/06/2011	27/06/2013	27/06/2021
DE Betts	—	125,000	—	125,000	£1 12	11/07/2012	11/07/2013	11/07/2022
DE Betts	—	125,000	—	125,000	£1 12	11/07/2012	11/07/2014	11/07/2022
WBT Cook	675,000	—	—	675,000	£0 486	26/10/2010	24/12/2011	26/10/2020
WBT Cook	38,500	—	—	38,500	£1 25	27/06/2011	27/06/2012	27/06/2021
WBT Cook	38,500	—	—	38,500	£1 25	27/06/2011	27/06/2013	27/06/2021
WBT Cook	—	65,000	—	65,000	£1 12	11/07/2012	11/07/2013	11/07/2022
WBT Cook	—	65,000	—	65,000	£1 12	11/07/2012	11/07/2014	11/07/2022
DA Pelham	225,000	—	—	225,000	£0 486	26/10/2010	24/12/2011	26/10/2020
DA Pelham	32,500	—	—	32,500	£1 25	27/06/2011	27/06/2012	27/06/2021
DA Pelham	32,500	—	—	32,500	£1 25	27/06/2011	27/06/2013	27/06/2021
DA Pelham	—	32,500	—	32,500	£1 12	11/07/2012	11/07/2013	11/07/2022
DA Pelham	—	32,500	—	32,500	£1 12	11/07/2012	11/07/2014	11/07/2022
TR Hill	67,500	—	—	67,500	£0 486	26/10/2010	24/12/2011	26/10/2020
TR Hill	35,500	—	—	35,500	£1 25	27/06/2011	27/06/2012	27/06/2021
TR Hill	35,500	—	—	35,500	£1 25	27/06/2011	27/06/2013	27/06/2021
TR Hill	—	65,000	—	65,000	£1 12	11/07/2012	11/07/2013	11/07/2022
TR Hill	—	65,000	—	65,000	£1 12	11/07/2012	11/07/2014	11/07/2022
Total	3,586,000	724,000	(319,500)	3,990,500				

* Or on appointment if later

Directors' report continued

Directors' remuneration

	Directors emoluments for the year ended 31 May 2013 \$'000	Directors emoluments for the year ended 31 May 2012 \$'000
ID Cockerill	63	64
SA Betts	52	51
MC Idiens	54	54
RJH Smith	22	52
DE Betts	261	218
WBT Cook	222	202
DA Pelham	176	169
TR Hill	226	—
Total Directors' remuneration	1,076	810

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

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

Directors' indemnities

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

Supplier payment policy

It is the Group's policy to make payments, where possible, to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. Trade payables of the Group at 31 May 2013 were equivalent to 51 (2012: 35) days' purchases, based on the average daily amount invoiced by suppliers during the year. Trade payables of the Company at 31 May 2013 were equivalent to 28 (2012: 22) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political donations

The Company has made charitable donations of \$180,000 (2012: \$118,000) during the year. The Company has not made any payments to political parties during the year (2012: \$nil).

Statement as to disclosure of information to the auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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

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



DE Betts
Director
14 August 2013

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

Company registered in England and Wales 05467327

Directors' responsibilities statement

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

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

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

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

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

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

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

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

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

Independent auditor's report

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

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 May 2013 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 financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

Andrew Allchin
(Senior Statutory Auditor)
For and on behalf of
BAKER TILLY UK AUDIT LLP,
Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds LS1 4HG
14 August 2013

Consolidated income statement

for the year ended 31 May 2013

	Notes	2013 \$'000	2012 \$'000
Continuing operations			
Revenue		—	—
Profit on deemed disposal	12	—	588
Share based payments	22	(679)	(1,139)
Other administrative expenses		(2,786)	(3,147)
Administrative expenses	5	(3,465)	(3,698)
Finance income	8	463	263
Finance expense	9	(145)	(674)
Share of joint venture loss	12	(225)	(46)
Loss before tax		(3,372)	(4,155)
Tax	10	—	—
Loss for the year attributable to equity holders of the parent		(3,372)	(4,155)
Loss per ordinary share			
Basic and diluted (\$ cents)	11	(6 13)	(7 78)

Consolidated statement of comprehensive income

for the year ended 31 May 2013

	2013 \$'000	2012 \$'000
Loss for the year	(3,372)	(4,155)
Other comprehensive income		
Exchange translation differences on foreign operations	—	—
Total comprehensive loss for the year attributable to equity holders of the parent	(3,372)	(4,155)

Consolidated balance sheet

as at 31 May 2013

	Notes	2013 \$'000	2012 \$'000
Assets			
Non-current assets			
Intangible exploration and evaluation assets	13	46,589	32,522
Property, plant and equipment	14	607	1,363
Investment in joint venture	12	711	936
		47,907	34,821
Current assets			
Trade and other receivables	16	753	851
Amounts due from joint venture	12, 16	—	35
Cash and cash equivalents	16	13,692	15,503
		14,445	16,389
Total assets		62,352	51,210
Liabilities			
Current liabilities			
Trade and other payables	18	2,564	2,602
Other financial liabilities	19	10,049	—
Amounts due to joint venture	12	382	1,139
Total liabilities		12,995	3,741
Net assets		49,357	47,469
Equity			
Share capital	21	908	855
Share premium		46,355	41,922
Retained earnings		2,094	4,692
Equity attributable to equity holders of the parent		49,357	47,469

The financial statements of Hummingbird Resources Plc were approved by the Board of Directors and authorised for issue on 14 August 2013. 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 May 2013

	Notes	2013 \$'000	2012 \$'000
Net cash outflow from operating activities	23	(3,822)	(2,201)
Investing activities			
Purchases of intangible exploration and evaluation assets		(12,458)	(13,391)
Purchases of property, plant and equipment		(85)	(593)
Interest received		150	208
Net cash used in investing activities		(12,393)	(13,776)
Financing activities			
Net proceeds from issue of shares		4,486	42
Proceeds from warrants issued		355	—
Financial liabilities issued net of issue costs		9,708	—
Net cash from financing activities		14,549	42
Net decrease in cash and cash equivalents		(1,666)	(15,935)
Effect of foreign exchange rate changes		(145)	(674)
Cash and cash equivalents at beginning of year		15,503	32,112
Cash and cash equivalents at end of year		13,692	15,503

Consolidated statement of changes in equity

for the year ended 31 May 2013

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
As at 1 June 2011	854	41,881	7,490	50,225
Comprehensive loss for the year				
Loss for the year	—	—	(4,155)	(4,155)
Total comprehensive loss for the year	—	—	(4,155)	(4,155)
Transactions with owners in their capacity as owners				
Issue of shares	1	41	—	42
Total transactions with owners in their capacity as owners	1	41	—	42
Share based payments	—	—	1,357	1,357
As at 1 June 2012	855	41,922	4,692	47,469
Comprehensive loss for the year				
Loss for the year	—	—	(3,372)	(3,372)
Total comprehensive loss for the year	—	—	(3,372)	(3,372)
Transactions with owners in their capacity as owners				
Issue of shares	53	4,433	—	4,486
Total transactions with owners in their capacity as owners	53	4,433	—	4,486
Share based payments	—	—	774	774
As at 31 May 2013	908	46,355	2,094	49,357

Notes to the consolidated financial statements

for the year ended 31 May 2013

1 General information

Hummingbird Resources Plc is incorporated in England and Wales under the Companies Act. The address of the registered office is 49–63 Spencer Street, Hockley, Birmingham, West Midlands B18 6DE.

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

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 to 31 May 2012.

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

International Financial Reporting Interpretations ("IFRIC")

- IFRIC 19 Extinguishing Financial Liability with Equity Instruments
- IFRIC 14 Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction

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

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

3 Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and as adopted by the EU and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted are set out below.

The functional currency of all companies in the Group is the United States Dollar ("USD"). The financial statements are presented in thousands of United States Dollars ("USD '000"). For reference the year-end exchange rate from Sterling to USD was \$1.5164 (2012: \$1.5576).

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

3 Significant accounting policies continued

Going concern

The Directors have reviewed forecasts and budgets based on current expected levels of expenditure and have concluded that the Group has sufficient funds available to meet its commitments for at least the next twelve months from the date of the approval of financial statements

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

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

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

Basis of consolidation

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

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

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

Joint ventures

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

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

Leasing

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

Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in United States Dollars ("USD"), which is the functional currency of all of the entities in the Group, and the presentation currency for the consolidated financial statements.

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

3 Significant accounting policies continued

Taxation

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

Impairment of property, plant and equipment

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

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.

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

3 Significant accounting policies continued

Impairment of property, plant and equipment continued

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.

Intangible exploration and evaluation assets

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

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

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

Exploration and evaluation costs

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

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

Treatment of E&E assets at conclusion of appraisal activities

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

Impairment of E&E assets

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

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

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

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

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

3 Significant accounting policies continued

Financial instruments

Recognition of financial assets and financial liabilities

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

Derecognition of financial assets and financial liabilities

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

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

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

Provisions

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

Rehabilitation

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

Share based payments

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

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

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

3 Significant accounting policies continued

Warrants

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

Accounting for royalty financing

In order to determine the appropriate accounting treatment for the royalty financing which is described in note 19 requires an assessment of whether the substance of the arrangements constituted a financial liability. As prior to commercial production the Group can be required to deliver cash to the provider in certain circumstances which are not all within the Group's control then this is considered by the Group to represent a financial liability. The Group has chosen not to designate this as "a fair value through profit or loss" financial liability and therefore it is recognised at amortised cost. On commencement of commercial production, once the Group is only obliged to pay a percentage of its revenue, then this is considered to have extinguished the financial liability, and this is recognised as a part disposal of the relevant asset.

Segmental reporting

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

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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Recoverability of exploration and evaluation assets

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

Share based payments

In order to calculate the charge for share based compensation for the options granted on 26 October 2010, on 27 June 2011 and on 11 July 2012 as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 22.

The critical judgements made in these estimates were for the share options granted on 26 October 2010 the share price on the date of grant which was estimated at £0.486 (adjusted for share consolidation) being the price of the most recent share issue at the date of grant, and the expected volatility of share price which was estimated based on other quoted exploration companies. The critical judgement for the share options granted on 27 June 2011 and 11 July 2012 was the expected volatility of the share price which was estimated based on the Company's own historic volatility and those of other quoted exploration companies.

5 Administrative expenses by nature

	2013 \$'000	2012 \$'000
Other income	(160)	—
Depreciation of property, plant and equipment (note 14)	133	112
Staff costs excluding share based payments	1,300	1,563
Net foreign exchange losses/(gains)	7	(5)
Audit fees (note 6)	49	44
Non-audit fees payable to associates of the Company's auditor (note 6)	—	7
Communications and IT	52	62
Insurance	52	51
Marketing	279	284
Charitable donations	80	118
Office expenses	236	187
Professional and consultancy	506	452
Travel and accommodation	220	237
Bank charges	32	35
Share based payments	679	1,139
Profit on deemed disposal (note 12)	—	(588)
	3,465	3,698

6 Auditor's remuneration

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

	2013 \$'000	2012 \$'000
Audit fees		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	49	44
Total audit fees	49	44
Non-audit fees payable to associates of the Company's auditor		
Taxation services	—	7
Total non-audit fees	—	7

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

7 Staff costs

The average monthly number of employees and Directors was

	2013 Number	2012 Number
Directors	7	7
Other employees	188	202
	195	209
	2013 \$'000	2012 \$'000
Their aggregate remuneration comprised		
Wages and salaries	3,553	3,133
Social security costs	(13)	334
Pension	103	51
Share based payments	774	1,321
	4,417	4,839

Within wages and salaries, \$992,000 (2012 \$779,000) relates to amounts paid to Directors, and included within pension is an amount of \$78,000 (2012 \$29,000) relating to pension contributions in respect of Directors

Included within staff costs is \$2,438,000 (2012 \$2,137,000) capitalised to intangible exploration and evaluation assets

Included within social security costs is a release of a provision of \$367,000 (2012 provision of \$116,000) for the potential employer's social security contributions in respect of the share options issued to employees and Directors. No amounts are payable until the relevant share options are exercised, and the amount actually payable will relate to the actual gain made on exercise

8 Finance income

	2013 \$'000	2012 \$'000
Interest on bank deposits	157	263
Revaluation of warrants (note 21)	306	—
	463	263

9 Finance expense

	2013 \$'000	2012 \$'000
Foreign exchange loss	145	674
	145	674

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

10 Tax

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

	2013 \$'000	2012 \$'000
Loss before tax	(3,372)	(4,155)
Tax credit at the rate of tax 23% (2012 26%)	(776)	(1,080)
Tax effect of non-deductible expenses	2	3
Items not subject to tax	(73)	(152)
Deferred tax asset not recognised	847	1,229
Tax expense and effective tax rate for the year	—	—

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

Losses	2013 \$'000	2012 \$'000
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent	(3,372)	(4,155)
Number of shares	2013 Number	2012 Number
Weighted average number of ordinary shares for the purposes of basic loss per share	55,000,447	53,367,031
Loss per ordinary share	2013 \$ cents	2012 \$ cents
Basic and diluted	(6.13)	(7.78)

At the balance sheet date there were 6,474,658 (2012 4,369,255) potentially dilutive ordinary shares. Potentially dilutive ordinary shares include share options issued to employees and Directors, warrants issued to the IFC and the conditional acquisition of the 20% interest in the Joe Village licence, which it did not previously own as described in note 20. In 2013 the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated.

12 Joint venture

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

The key terms of this agreement were

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

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

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

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

12 Joint venture continued

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

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

24 January 2011
\$'000

Group's 100% interest pre transaction

Non-current assets	110
Amounts due to Hummingbird Resources (Liberia) Inc	(112)
Net liabilities at the date of disposal	(2)

Group's 85% interest post transaction

Cost of investment	—
Share of joint venture assets and liabilities	423
Gain on deemed disposal	425

Investment in joint venture

\$'000

On the date of recognition of investment in joint venture	423
Share of joint venture results for the period	(29)
Investment in joint venture as at 31 May 2011	394
Share of joint venture results for the period to 27 June 2011	(6)
Investment in joint venture pre second phase investment on 27 June 2011 (85%)	388
Share of joint venture assets and liabilities post transaction (50%)	976
Gain on deemed disposal of 35%	588
Share of joint venture assets post transaction	976
Share of joint venture results for the period from 27 June 2011 to 31 May 2012	(40)
Investment in joint venture as at 31 May 2012	936
Share of joint venture results for the period from 31 May 2012 to 31 May 2013	(225)
Investment in joint venture as at 31 May 2013	711

The Group's interest in the joint venture as at 31 May 2013 is set out below

\$'000

Share of	
Non-current assets	567
Current assets	207
Current liabilities	(63)
Net assets	711

As at 31 May 2013 \$382,000 (2012 \$1,139,000) was due from the Company and Group to the joint venture. As at 31 May 2013 \$185 (2012 \$35,000) was due from the joint venture to the Company and Group

The joint venture had no revenue in the period

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

13 Intangible exploration and evaluation assets

\$'000

Cost

At 1 June 2011	17,582
Additions	14,940
At 1 June 2012	32,522
Additions	14,067
At 31 May 2013	46,589

Additions to intangible exploration and evaluation assets during the year include \$700,000 (2012 \$748,000) of capitalised depreciation of property, plant and equipment used in exploration and evaluation activities

14 Property, plant and equipment

	Development assets – vehicles \$'000	Development assets – other \$'000	Other \$'000	Total \$'000
Cost				
At 1 June 2011	1,486	690	365	2,541
Additions	92	455	61	608
Disposals	(55)	—	—	(55)
At 1 June 2012	1,523	1,145	426	3,094
Additions	—	33	44	77
Disposals	—	—	—	—
At 31 May 2013	1,523	1,178	470	3,171
Accumulated depreciation				
At 1 June 2011	487	301	106	894
Charge for the year	451	289	120	860
Disposals	(23)	—	—	(23)
At 1 June 2012	915	590	226	1,731
Charge for the year	403	304	126	833
At 31 May 2013	1,318	894	352	2,564
Carrying amount				
At 31 May 2013	205	284	118	607
At 31 May 2012	608	555	200	1,363

Of the property, plant and equipment depreciation charged in the year \$700,000 (2012 \$748,000) was capitalised into intangible exploration and evaluation assets, with the balance being charged to the income statement

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

15 Subsidiaries

The Company had investments in the following subsidiary undertakings as at 31 May 2013, which principally affected the losses and net assets of the Group

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

16 Current assets

Trade and other receivables

	2013 \$'000	2012 \$'000
Other receivables	88	260
VAT recoverable	273	96
Prepayments and accrued income	392	495
	753	851

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

Cash and cash equivalents

Cash and cash equivalents as at 31 May 2013 of \$13,692,000 (2012: \$15,503,000) comprise cash held by the Group. The Directors consider that the carrying amount of these assets approximates their fair value.

Amounts due from joint venture

Amounts due from joint venture are disclosed in note 12.

17 Deferred tax

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

At 31 May 2013, the Group had unrecognised deferred tax assets of \$2,300,000 (2012: \$1,700,000) in respect of UK and Liberian tax losses. No deferred tax asset has been recognised in respect of these amounts as the recovery is dependent on the future profitability, the timing and the certainty of which cannot reasonably be foreseen.

18 Trade and other payables

	2013 \$'000	2012 \$'000
Trade payables	1,862	1,393
Other taxes and social security	111	201
Accruals	576	992
Other payables	15	16
	2,564	2,602

The average credit period taken for trade purchases is 51 days (2012: 35 days). Where possible the Group seeks to settle agreed payables within the contractual timeframe.

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

Operating lease commitments

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

	2013 \$'000	2012 \$'000
Within one year	130	118
In the second to fifth years inclusive	361	121
After five years	32	48
	523	287

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

19 Other financial liabilities

	2013 \$'000
Royalty liability	10,000
Warrant liability (see notes 8 and 21)	49
	10,049

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 US\$15m in three equal tranches subject to the satisfaction of certain criteria.

The first tranche of US\$5m was received on 14 March 2013 and the second tranche of US\$5m was received on 10 April 2013 giving a total of US\$10m due at 31 May 2013. The third tranche is conditional (unless waived by APG) on a total of 25,000m of infill drilling being completed on the Dugbe 1 Project.

The advances will be 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 US\$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.

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

19 Other financial liabilities continued

Royalty liability continued

These advances do not bear interest and are only repayable in certain limited circumstances prior to the commencement of commercial production. Should the Group cease to use all reasonable commercial endeavours to be granted an MDA covering the Dugbe 1 Project, then the advances become repayable.

Until the commencement of commercial production when the liability will be extinguished and treated as a part disposal of the Group's economic interest in the Dugbe 1 Project a financial liability of the amount advanced exists.

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

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

20 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

	2013		2012	
	Number	\$'000	Number	\$'000
Issued and fully paid				
Ordinary shares of £0.01 each	56,726,371	908	53,410,565	855

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

	Ordinary shares of £0.01 Number
At 1 June 2011	53,355,565
Share options exercised (a)	55,000
At 1 June 2012	53,410,565
Share options exercised (b)	90,000
Issue of shares (c)	3,225,806
At 31 May 2013	56,726,371

(a) Share options exercised

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

(b) Share options exercised

- 90,000 share options were exercised during the year raising gross proceeds of £43,750 (\$70,000).

(c) Issue of shares

- On 12 December 2012 3,225,806 shares were issued at a strike price of £0.93 to the International Finance Corporation ("IFC") in return for £3,000,000. In addition the Company has granted the IFC warrants to subscribe for a further 1,612,903 new ordinary shares. The warrants are at a strike price of £1.4415 over a five year term. Issue costs of \$43,000 have been offset against the consideration received.

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 May 2013 the acquisition had not yet completed and the shares had not been issued.

21 Warrants issued

On 12 December 2012 the Company granted 1,612,903 warrants to the IFC

Total number of warrants granted	1,612,903
Exercise price of the warrants	£1 4415
Exercise date	12/12/2017

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 12 December 2012 and to fair value the warrants at 31 May 2013

	31 May 2013	12 December 2012
Share price	£0 4150	£0 7475
Expected dividend yield	nil	nil
Expected volatility	41 16%	39 74%
Expected life	4 5 years	5 years
Risk free interest rate	1 06%	0 80%

The gain arising on the change in value of the warrants between issue and 31 May 2013 is disclosed in note 8

22 Share based payments

	2013 \$ '000	2012 \$ '000
Share based payment charge for share options granted 11 July 2012	598	—
Share based payment charge for share options granted 27 June 2011	176	654
Share based payment charge for share options granted 26 October 2010	—	703
Total share based payment charge	774	1,357

Included within share based payments, is \$95,000 (2012 \$218,000) capitalised to intangible E&E assets

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

22 Share based payments continued

Equity-settled share based payments granted in the year to 31 May 2013

On 11 July 2012 the Company granted 989,000 share options to certain Directors and employees

Total number of share options granted	989,000
Exercise price of the options	\$1 738 (£1 12)
Exercise period	
Tranche 1 – 11 June 2012 and 11 June 2021	494,500
Tranche 2 – 11 June 2013 and 11 June 2021	494,500
Number of share options lapsed during the current period	53,000
Number of share options outstanding as at 31 May 2013	936,000

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

The table below lists the principal assumptions and inputs to the model used for options granted on the 11 July 2012

Share price at the date of grant	\$1 714 (£1 105)
Expected dividend yield	nil
Expected volatility	68%
Expected life	5 years
Risk free interest rate	0.61%

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

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

Total number of share options granted	1,023,000
Exercise price of the options	\$1 994 (£1 25)
Exercise period	
Tranche 1 – 27 June 2012 and 27 June 2021	511,500
Tranche 2 – 27 June 2013 and 27 June 2021	511,500
Number of share options lapsed during prior periods	212,000
Number of share options lapsed during the current period	83,500
Number of share options outstanding as at 31 May 2013	727,500

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

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

Share price at the date of grant	\$1 978 (£1 24)
Expected dividend yield	nil
Expected volatility	70%
Expected life	5 years
Risk free interest rate	1.87%

22 Share based payments continued

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

On 26 October 2010 the Company granted 78,000 share options with an exercise price of £21 875. On 23 November 2010 as a result of the bonus issue the Company adjusted the options granted, to increase the number of ordinary shares over which options were held by an additional 44 options for every one option held and to decrease the exercise price by a factor of 45 such that the option holders were in the same economic position as before the bonus issue. As a result there were 3,510,000 options outstanding as of 31 May 2011 with an exercise price of £0 48611 each. These share options are exercisable in the period between 24 December 2011 and 26 October 2020. These share options issued to employees and Directors normally lapse on cessation of employment or holding office.

Total number of share options granted (post bonus issue)	3,510,000
Exercise price of the options	£0 48611
Exercise period – 24 December 2011 and 26 October 2020	3,510,000
Number of share options exercised in prior periods	55,000
Number of share options exercised in the current period	90,000
Number of share options lapsed during the current period	—
Number of share options lapsed during the current period	270,000
Number of share options outstanding as at 31 May 2013	3,095,000

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

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

Share price at the date of grant	\$0 778 (£0 486)
Expected dividend yield	nil
Expected volatility	65%
Expected life	5 years
Risk free interest rate	3%

23 Notes to the statement of cash flows

	2013 \$'000	2012 \$'000
Loss before tax	(3,372)	(4,155)
Adjustments for		
Depreciation of property, plant and equipment	133	112
Share based payments	679	1,139
Profit on deemed disposal	—	(588)
Finance income	(463)	(263)
Finance expense	145	674
Share of joint venture loss	225	46
Operating cash flows before movements in working capital	(2,653)	(3,035)
Decrease/(increase) in receivables	31	(196)
(Decrease)/increase in payables	(478)	280
Decrease/(increase) in amounts due from joint venture	35	(35)
(Decrease)/increase in amounts due to joint venture	(757)	785
Net cash outflow from operating activities	(3,822)	(2,201)

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

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

24 Financial instruments

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

Capital

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

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:

	2013 \$'000	2012 \$'000
Financial assets		
Cash and cash equivalents	13,692	15,503
Other receivables	361	356
Amounts due to joint venture (see note 12)	—	35
	14,053	15,894
Financial liabilities		
Trade payables	1,862	1,393
Other payables	15	16
Royalty liability (see note 19)	10,000	—
Warrant liability ¹ (see note 21)	49	—
Amounts due to joint venture (see note 12)	382	1,139
	12,308	2,548

¹ The fair value of the warrant liability (see note 21) 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 Finance Director 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.

24 Financial instruments continued

General objectives, policies and processes continued

Credit risk

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

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

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

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

Liquidity risk

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

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

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

Foreign exchange risk and foreign currency risk management

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

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

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

	Liabilities		Assets	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Euros ("€")	37	67	55	41
Sterling ("GBP")	592	392	4,386	8,177
Canadian Dollars ("CAD")	—	—	6	8
South African Rand ("ZAR")	17	—	29	30
Australian Dollars ("AUD")	5	—	35	—

Foreign currency sensitivity analysis

The Group is exposed primarily to movements in GBP against the \$. Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the \$ and GBP. The analysis is based on a weakening and strengthening of the \$ by 10% against the GBP 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 the \$ strengthens 10% against the GBP. For a 10% weakening of the \$ against the GBP, there would be an equal and opposite impact on the profit, and the balance below would be negative.

The following table details the Group's sensitivity to a 10% strengthening in the \$ against the GBP:

	2013 \$'000	2012 \$'000
Decrease in income statement and net assets	(380)	(789)

Notes to the consolidated financial statements continued

for the year ended 31 May 2013

25 Related party transactions

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

Transactions with Stephen Betts & Sons Limited

During the year the Company charged Stephen Betts & Sons Limited \$38,000 (2012 \$32,000) under a contract for the provision of office equipment and premises. Additionally during the year Stephen Betts & Sons Limited charged the Company \$88,000 (2012 \$85,000) under a contract for the provision of staff, office equipment and premises. There were no amounts outstanding between the parties as at 31 May 2013 (2012 \$nil)

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

Transactions with The Pygmy Hippo Foundation

During the year the Company made charitable contributions to The Pygmy Hippo Foundation of \$80,000 (2012 \$118,000). At 31 May 2013 The Pygmy Hippo Foundation owed the Company \$18,000 (2012 \$nil). The Pygmy Hippo Foundation is a related party as Daniel Betts, Thomas Hill and William Cook are Directors of the Company and The Pygmy Hippo Foundation

Joint venture with Petmin Limited (Iron Bird Resources Inc)

During the prior year, the Group entered into a transaction with Petmin Limited as described in note 12. Petmin Limited is a related part of the Group because Petmin Limited is a joint venture partner and Ian Cockerill is the Executive Chairman of that company. During the year the Group received management fees of \$160,000 (2012 \$60,000) from Iron Bird Resources Inc.

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*

	2013 \$'000	2012 \$'000
Short-term employee benefits	998	781
Social security cost	126	96
Pension	78	29
Share based payment charge	584	912
(Reduction)/provision for potential social security costs on share options	(354)	92
	1,432	1,910

26 Events after the reporting date

Share options

Since the year end 19,500 share options that were granted on 27 June 2011 and 12,500 share options that were granted on 11 July 2013 lapsed

Company balance sheet

as at 31 May 2013

	Notes	2013 \$'000	2012 \$'000
Assets			
Non-current assets			
Investments	31	7,730	4,698
Property, plant and equipment	32	143	215
Receivables from subsidiaries	33	30,624	31,403
		38,497	36,316
Current assets			
Trade and other receivables	33	722	300
Cash and cash equivalents	33	12,018	13,198
		12,740	13,498
Total assets		51,237	49,814
Liabilities			
Current liabilities			
Trade and other payables	34	1,039	1,120
Other financial liabilities	34	49	—
Amounts due to joint venture		382	1,139
Total liabilities		1,470	2,259
Net assets		49,767	47,555
Equity			
Share capital	36	908	855
Share premium		46,355	41,922
Retained earnings		2,504	4,778
Total equity		49,767	47,555

The financial statements were approved by the Board of Directors and authorised for issue on 14 August 2013

They were signed on its behalf by



DE Belts
Director

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

Company statement of cash flows

for the year ended 31 May 2013

	Notes	2013 \$'000	2012 \$'000
Net cash outflow from operating activities	37	(4,027)	(2,024)
Investing activities			
Purchases of property, plant and equipment		(69)	(77)
Investment in subsidiaries		(2,604)	(2,389)
Decrease/(increase) in amounts due from subsidiary companies		755	(13,324)
Interest received		69	173
Net cash used in investing activities		(1,849)	(15,617)
Financing activities			
Proceeds from issue of shares		4,486	42
Proceeds from warrants issued		355	—
Net cash from financing activities		4,841	42
Net decrease in cash and cash equivalents		(1,035)	(17,599)
Effect of foreign exchange rate changes		(145)	(674)
Cash and cash equivalents at beginning of year		13,198	31,471
Cash and cash equivalents at end of year		12,018	13,198

Company statement of changes in equity

for the year ended 31 May 2013

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
As at 1 June 2011	854	41,881	8,123	50,858
Comprehensive loss for the year				
Loss for the year	—	—	(4,702)	(4,702)
Total comprehensive loss for the year	—	—	(4,702)	(4,702)
Transactions with owners in their capacity as owners				
Issue of shares	1	41	—	42
Total transactions with owners in their capacity as owners	1	41	—	42
Share based payments	—	—	1,357	1,357
As at 1 June 2012	855	41,922	4,778	47,555
Comprehensive loss for the year				
Loss for the year	—	—	(3,048)	(3,048)
Total comprehensive loss for the year	—	—	(3,048)	(3,048)
Transactions with owners in their capacity as owners				
Issue of shares	53	4,433	—	4,486
Total transactions with owners in their capacity as owners	53	4,433	—	4,486
Share based payments	—	—	774	774
As at 31 May 2013	908	46,355	2,504	49,767

Notes to the company financial statements

for the year ended 31 May 2013

27 Significant accounting policies

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

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

As permitted by section 408 of the Act, the Company has elected not to present its profit and loss account for the year Hummingbird Resources Plc reported a loss for the financial year ended 31 May 2013 of \$3,048,000 (2012 \$4,702,000)

Investments

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

28 Critical accounting judgements and key sources of estimation uncertainty

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

Recoverability of investment in subsidiaries and amounts due from subsidiaries

Where the majority of the assets of subsidiary undertakings are exploration and evaluation assets, determining whether an investment in and loan to a subsidiary is impaired requires an assessment of whether there are any indicators of impairment, of these underlying exploration and evaluation assets If there is any indication of potential impairment, an impairment test is required based on value in use of the asset This assessment involves judgement as to (i) the likely future commerciality of each cost pool of assets, (ii) when such commerciality should be determined, and (iii) the potential future revenues and value in use The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value

As the market capitalisation of the Company was less than the carrying value of the Company's net assets as at 31 May 2013, an impairment review was carried out in respect of the carrying values of the investment in subsidiaries and the amounts due from subsidiaries as stated in the Company Balance Sheet As a result of the positive Preliminary Economic Assessment on the Dugbe 1 Project which was published during the year and the Group proceeding with the DFS in respect of the Dugbe 1 Project, the Directors consider that there was no impairment as at 31 May 2013

29 Auditor's remuneration

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements

30 Staff costs

The average monthly number of employees (including Directors) was

	2013 Number	2012 Number
Directors	7	7
Other employees	5	5
	12	12
	\$'000	\$'000
Their aggregate remuneration comprised		
Wages and salaries	1,482	1,312
Social security costs	(185)	281
Pension	101	51
Share based payments	679	1,321
	2,077	2,965

30 Staff costs continued

Within wages and salaries, \$992,000 (2012 \$779,000) relates to amounts paid to Directors for services rendered. Included within staff costs is \$194,000 (2012 \$299,000) recharged to subsidiaries as intangible exploration and evaluation assets.

Included within social security costs is a release of a provision of \$367,000 (2012 \$116,000 provision) for the potential employers social security contributions in respect of the share options issued to employees and Directors.

Key management remuneration is disclosed in note 25 to the consolidated financial statements.

31 Investments

	Investment in subsidiaries 2013 \$'000	Investment in subsidiaries 2012 \$'000
Cost		
At 1 June	4,698	2,172
Additions	3,032	2,526
At 31 May	7,730	4,698

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

32 Property, plant and equipment

	Development assets – other \$'000	Other \$'000	Total \$'000
Cost			
At 1 June 2011	38	233	271
Additions	31	61	92
At 1 June 2012	69	294	363
Additions	16	45	61
At 31 May 2013	85	339	424
Accumulated depreciation			
At 1 June 2011	6	30	36
Charge for the year	21	91	112
At 1 June 2012	27	121	148
Charge for the year	27	106	133
At 31 May 2013	54	227	281
Carrying amount			
At 31 May 2013	31	112	143
At 31 May 2012	42	173	215

Notes to the company financial statements continued

for the year ended 31 May 2013

33 Current assets

Receivables from subsidiaries

At the balance sheet date amounts receivable from the fellow Group companies were \$30,624,000 (2012: \$31,403,000). These amounts are repayable on demand, however, these are not expected to be repaid within one year and no interest is currently charged. The carrying amount of these assets approximates their fair value.

Trade and other receivables

	2013 \$'000	2012 \$'000
Other receivables	38	37
VAT recoverable	273	96
Prepayments and accrued income	411	167
	722	300

There are no past due or impaired receivables.

Cash and cash equivalents

Cash and cash equivalents as at 31 May 2013 of \$12,018,000 (2012: \$13,198,000) 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.

34 Current liabilities

Trade and other payables

	2013 \$'000	2012 \$'000
Trade payables	689	395
Other taxes and social security	61	54
Accruals	274	665
Other payables	15	6
	1,039	1,120

The average credit period taken for trade purchases is 28 days (2012: 22 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 21 of the consolidated financial statements.

Amounts due to joint venture

Amounts due by the Company to the joint venture are disclosed in note 12.

Operating lease commitments

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

	2013 \$'000	2012 \$'000
Within one year	97	87
In the second to fifth years inclusive	—	—
After five years	—	—
	97	87

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

35 Share capital

The movements on this item are disclosed in note 20 to the consolidated financial statements

36 Share based payments

The Company's share based payments information is disclosed in note 22 to the consolidated financial statements

37 Notes to the statement of cash flows

	2013 \$'000	2012 \$'000
Loss before tax	(3,048)	(4,702)
Adjustments for		
Depreciation of property, plant and equipment	133	112
Share based payments	679	1,139
Finance income	(361)	(195)
Finance expense	145	674
Operating cash flows before movements in working capital	(2,452)	(2,972)
Increase in receivables	(446)	(11)
(Decrease)/increase in payables	(372)	174
(Decrease)/increase in amounts due to joint venture	(757)	785
Net cash outflow from operating activities	(4,027)	(2,024)

38 Financial instruments

The Company's strategy and financial risk management objectives are described in note 24

Principal financial instruments

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

	2013 \$'000	2012 \$'000
Financial assets		
Cash and cash equivalents	12,018	13,198
Other receivables	30,935	31,536
	42,953	44,734
Financial liabilities		
Trade payables	689	395
Other payables	15	6
Warrant liabilities ¹	49	—
Amounts due to joint venture	382	1,139
	1,135	1,540

¹ The fair value of the warrant liability (see note 21) 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.

Notes to the company financial statements continued

for the year ended 31 May 2013

38 Financial instruments continued

The risks that the Company is subject to in addition to the Group risks described in note 24 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 24, which affect the Group, the Company is also subject to credit risk on the balances receivable from its subsidiaries (see note 33)

Foreign currency exposure and sensitivity analysis

The Company's exposure to foreign currency exposure and sensitivity to exchange rates is the same as the Group's (see note 24)

39 Related parties

Amounts due from subsidiaries

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

	2013 \$'000	2012 \$'000
Hummingbird Resources (Liberia) Inc	30,624	31,403

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

The Company's transactions with other related parties and remuneration of key management personnel are disclosed in note 25 to the consolidated financial statements

40 Events after the balance sheet date

Events after the balance sheet date are disclosed in note 26 to the consolidated financial statements

"There is a tide in the affairs of men
which, taken at the flood, leads on to fortune,
omitted, all the voyage of their life
is bound in shallows and in miseries.
On such a full sea are we now afloat;
and we must take the current when it serves,
or lose our ventures" *Brutus*

"Markets are but mere tides, Brutus,
if waning on shores nearby
then waxing on those yonder they surely are
Steer your boat by celestial star through such immediate torrents;
see beyond the crushing current at your bow;
and when the tide waxes once more upon those shores,
your boat shall rise the fastest" *Basil de Tenf*

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